DOCUMENT RESUME

ED 170 898 EA 011 659

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TITLE Reform, Redistribution, and Relief for Massachusetts Public School Districts. Part I.
PUB DATE 30 Nov 78
NOTE 113p.; Introductory Practicum submitted in partial fulfillment of the requirements of the National Ed.D. Program for Educational Leaders, Nova University; Appendix C may be illegible

EDRS PRICE MF01/PC05 Plus Postage.
DESCRIPTORS *Educational Finance; *Educational Legislation; Equalization Aid; *Finance Reform; Financial Policy; Fiscal Capacity; Property Taxes; State Aid; State Legislation; Tax Support
IDENTIFIERS *Massachusetts; Massachusetts Teachers Association

ABSTRACT

This practicum report describes a step-by-step plan followed by the author and his employer, the Massachusetts Teachers' Association (MTA), to correct the fiscal disparities that existed in the Massachusetts school finance system and to provide property tax relief to Massachusetts taxpayers. The plan included assessing the existing Massachusetts school aid formula; studying the legislation of states that have reformed their school aid laws; meeting with MTA staff, legislators, and educational groups; developing a new school aid formula; simulating various amounts of state school aid; writing a new state school finance bill; studying the legislation of states that provide property tax relief to selected income groups; identifying groups in Massachusetts eligible for property tax relief; and writing a property tax relief bill (circuit-breaker). The author believes that the MTA school finance bill, if enacted, could withstand a Serrano-type constitutional challenge and that enactment of the MTA property tax relief bill would provide tax relief for low-income and fixed income citizens. Both MTA bills were filed with the Massachusetts Legislature on December 1, 1976. (Author/PGD)

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REFORM, REDISTRIBUTION, AND RELIEF FOR MASSACHUSETTS PUBLIC SCHOOL DISTRICTS

PART I

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by

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Submitted in partial fulfillment of the requirements of the National Ed.D. Program for Educational Leaders, Nova University.

EA 011 659

Introductory Practicum
Boston Cluster II
Submitted: November 30, 1978

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ACKNOWLEDGEMENTS

The success of this practicum effort was due to the cooperation, encouragement, and support of the following individuals:

Dr. John Callahan, Director, National Council of State Legislators, who gave of his time and professional expertise to make this practicum effort a success;

Mr. John Sullivan, MTA Associate Executive Director for Government and Community Affairs, for his valuable assistance, wise counsel, and for keeping the author informed of the activities of the Special Commission on Unequal Educational Opportunity;

Mr. Richard Durkin, MTA Director of Governmental Services, whose knowledge of the legislative process was of inestimable value to the author in drafting the two Massachusetts Teachers' Association bills;

Dr. Gregory Anrig, Commissioner of Education, who, through his Office of School Finance Planning, provided the author with much of the financial data needed to make several critical decisions;

Mrs. Rosamond Crane, Director of the Special Commission on Unequal Educational Opportunity, for inviting the author to both public and special meetings of the Special Commission and for sharing data with the author;

Senator Walter [illegible]erini and Representative James Collins, Co-Chairpersons of the Special Commi[illegible]n on Unequal Educational Opportunity, who filed the MTA school finance bill;

Senator Joseph Timilty, Senator Allan McKinnon, Representative Vincent Piro, and Representative John Businger who filed the MTA circuit-breaker bill;

and last, but not least, Mrs. Betty-Jo Peterson, MTA Research Division Coordinator, for her hours at the typewriter.

PREFACE

School finance reform through litigation is not at an end. Almost all state constitutions contain an express provision guaranteeing a free public school education. Seven states mandate a "thorough and efficient" system of free public schools; nine use either "thorough" or "efficient"; nine mandate a "general and uniform" public school system; and another ten guarantee either a "general" or "uniform" system. Thus, if a state must provide a "thorough and/or efficient" system of public school education, the reasoning adopted in the Serrano decision of 1971, then it follows that most states are open to a constitutional challenge. The argument being that the state's school finance system does not satisfy the "thorough and efficient" or "general and uniform" clause of the state constitution.

The Massachusetts Teachers' Association (MTA), a professional association of over 65,000 Massachusetts educators and an affiliate of the National Education Association, believed that litigation would not be the wisest course to take in resolving the problems associated with the Massachusetts school finance law. The MTA believed that the state school finance problem could be resolved through the state Legislature.

As part of their school finance reform plan the MTA wanted to incorporate major tax relief measures. A "circuit-breaker" program would be proposed by the MTA to provide property tax relief when taxes exceed a certain percentage of the personal income of a homeowner or renter.

This practicum report describes the first phase of the MTA's two-phase strategy to correct the fiscal disparities that existed in the Massachusetts system of distributing state aid to public school districts and to provide major property tax relief for selected Massachusetts citizens.

Part I of this practicum effort began in April 1976 and ended on December 1, 1976 when two MTA bills, school finance and circuit-breaker, were filed with the Massachusetts State Legislature.

In Part II the author presents an account of those activities that led to the enactment of a new Massachusetts school aid bill. Although the MTA circuit-breaker was not enacted, the events and activities associated with this bill are also reported.

The author of this practicum is the Director of Research for the Massachusetts Teachers' Association and was formerly Director of Research for the Massachusetts Department of Education.

REFORM, REDISTRIBUTION, AND RELIEF

FOR MASSACHUSETTS PUBLIC SCHOOL DISTRICTS

PART I

IDENTIFICATION OF THE PROBLEM

The existing system of Massachusetts school support is almost always directly related to local wealth, and frequently inversely related to educational need and total school tax effort. Communities that are poor, have high concentrations of educational need, and high total tax effort cannot supply the high levels of educational expenditure required of them. Communities that make an attempt to spend more for education have total tax rates that are among the very highest in the state and the nation. On the other hand, high-expenditure communities frequently have high levels of fiscal capacity, low concentrations of educational need, and only moderate to low tax rates. These communities are ones that can choose either to have (1) high levels of school expenditure with only average tax rates or (2) moderate levels of school expenditure with below-average tax rates. Freed of the problem of municipal overburden or of the need for compensatory education, these districts had a comparative fiscal advantage over most of the other districts in the state. Therefore, the system of school finance in Massachusetts is one in which fiscal disparities exist relative to fiscal capacity, tax effort, and educational need. These disparities, moreover, are not offset by the Massachusetts State Aid program.

American school finance is fast approaching an era of radical change. Recent judicial rulings challenging the constitutionality of current school finance systems, taxpayer revolts against the property tax, and rising demand for high-cost specialized educational programs are but a few of the forces causing the search for alternative methods of raising and distributing educational revenue.

A reformed educational finance system should have two prime qualities. First, it should equalize the financial ability to support schools throughout the state as required by Serrano v. Priest and related cases. [1] In the Serrano case, it was ruled that education was a fundamental interest (i.e., right) and that the system of funding education in California discriminated against the poor because it made the quality of a child's education a function of the wealth of his parents and neighbors. Secondly, it should consistently and responsively provide sufficient monies to meet expanding educational need. In short, there was a clear need for an equitable and responsive school finance system in Massachusetts. Like many other states, Massachusetts did not have such an educational finance system. Consequently, it behooved Massachusetts to reform its school finance system before it was required to do so by the courts or other external pressures.

In the state/local partnership in Massachusetts the state is the key to educational finance improvements. In 1976 about half of all state/local finances were accounted for by Massachusetts' local governments. In education, local school districts account for three-fourths of all educational revenues. Consequently, the state ranked 48th in the proportion of educational revenues raised by the state. [2] Massachusetts' local governments carried a staggering proportion of the fiscal responsibility for public education.

By assigning more responsibility than fiscal capacity to local government,

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[1] 5 CAL 3d584, 487 p. 2d 1241, 96 CAL Rptr. 601 (1971).

[2] National Education Association, Ranking of the States, 1976 (Washington D.C.: The Association, 1976), p. 52.

Massachusetts had contributed to a number of problems that could only be solved by a comprehensive program of educational finance reform.

The most visible problem centered on the local property tax. In 1973-74 Massachusetts per capita property tax revenues of local government was $383 - the highest in the United States. [1] Property taxes have carried the heavy proportion of the responsibility for support of government in Massachusetts. The property tax pressure has contributed to considerable unevenness in local assessment practices with some localities over-assessing business and high-value properties with others doing just the reverse. Property tax burdens are made even more onerous by the erratic distribution of taxable wealth among Massachusetts' localities. As shown in Table 1, variations in per capita market values of two to one are not uncommon in the state. Added to all this, of course, is the generally regressive impact of the property tax on lower-income families.

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[1] Ibid, p. 46.

TABLE 1

A COMPARISON OF PROPERTY TAX BURDENS, 1976

Selected Massachusetts Communities

Category	Weston	Rutland
Population	10,870	3,198
Per Capita Market Value (Ratio to State Average)	2.45	.90
Equalized School Tax Rate	$ 18.68	$ 18.53
Local Revenue Per Pupil	$ 1,704.00	$462.00
State Revenue Per Pupil	$ 137.00	$362.00
Total Expenditure Per Pupil	$ 1,841.00	$824.00
Per Capita Income (Ratio to State Average)	2.24	.93

SOURCE: MTA Division of Research.

Central to Massachusetts' school finance problem, however, are the state's intergovernmental aid policies. As noted, the state share of educational finance was one of the lowest in the country. Its level of per capita educational aid has always been 60 percent below the national average. [1]

Massachusetts' reluctance to increase the level of aid to education is paradoxical in light of the fact that the aid that the state granted was equalizing in nature. The Commonwealth distributes about 97 percent of its educational aid in a form which recognizes variations in educational need or fiscal capacity or both. However, because the local property tax in Massachusetts dominates school finance, many other states have educational finance

[1] Ibid, p. 52.

systems that are more equalizing than that of Massachusetts.

Ideally, a school finance system should allow local community preferences to determine the level of educational support without this choice being unduly affected by extreme variations in the educational needs of the pupils, the fiscal capacity of the school districts, and differences in finance requirements of non-educational government services. However, the uneven distribution of these factors among Massachusetts' school districts ensures a high degree of fiscal inequity in the present system of school finance.

Educational need varies markedly among Massachusetts' school districts. For example, over 40 percent of the pupils in one community studied by the MTA Research Division came from poor families. These children are commonly associated with needs for intensive, high-cost educational services. In another community, just over two percent of the pupils fell into such a category. Massachusetts' school districts also vary widely in income distribution of resident families. In a sample of 25 representative school districts, the MTA Research Division found that nine percent of central city families had annual incomes below the poverty level, while suburban districts generally had about 4.5 percent of their families in poverty. At the other end of the spectrum, central cities rarely had 20 percent of their families earning more than $15,000 per year, while in suburban areas it was not uncommon to find over 30 percent of all families earning that amount or more.

Disparities in income distribution were also complemented by extreme variations in local taxable property. For example, the assessed value of property per pupil [1] in one school district was nearly twice as great as that of another.

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[1]The assessed value of a community or school district is the value placed on property by the local assessors. This value may not be the 100 percent market value of all property. The assessed value per pupil is derived by dividing the assessed value by the total number of public school children in the district. The resulting figure is used to measure the ability to support public school education.

In terms of assessed value per capita, central cities averaged $3,500 in equalized property values while suburbs were generally in the $5,500 to $6,000 range. Central cities, in general, have a meager tax base from which to finance their public needs.

While some Massachusetts communities find it difficult to finance education due to low taxable property valuations, other communities find that high needs for other municipal services prevent them from channeling more of their resources into education. Data collected by the MTA Research Division on Massachusetts' school districts indicates that those with the highest total, school and non-school, tax rates generally have among the lowest levels of per pupil expenditure.[1] Many communities experience a situation of municipal over-burden which prevents them from using their relatively meager financial resources for increased educational support.

Other types of disparities exist as well. Many school districts are in dire straits when they attempt to raise their educational expenditures. If they raise their school tax rates to keep pace with the level of educational expenditures in surrounding communities, their tax rates soar out of line. On the other hand, if they try to keep their school tax rates at a level comparable with surrounding communities, their educational expenditures lag. In either case, some districts face a comparative fiscal disadvantage vis-a-vis neighboring school districts.

Though the Massachusetts educational aid formula (commonly referred to as Chapter 70) is constructed to take some account of variations in fiscal capacity and educational need, the prevailing low level of state support means that the actual variation in state aid is quite small. As shown in Table 2, only twice

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[1]Massachusetts Teachers Association, Background Data for Massachusetts School Districts, 1976, pp. 1-7.

since the passage of Chapter 70 in 1966 have Chapter 70 entitlements been funded at 100 percent of entitlement. Therefore, most districts received between $225-$390 per pupil in 1975. State aid at this level is simply not sufficient to offset the fiscal disparities that characterize so much of Massachusetts school finance.

TABLE 2

CHAPTER 70 ENTITLEMENTS AND ACTUAL DISTRIBUTIONS

1966 TO 1976

Year	Entitlement	Distribution	Percent Distribution to Entitlement
1966	$ 142,312,731	$ 56,181,693	39.5%
1967	173,709,732	97,228,191	55.9
1968	157,638,331	110,504,407	70.1
1969	174,334,603	114,472,754	65.7
*1970	204,322,844	204,322,844	100.0
1971	220,584,362	220,584,362	110.0
1972	331,167,976	281,554,020	85.0
1973	373,111,790	319,206,773	85.6
1974	400,118,137	336,099,235	84.0
1975-76	442,813,367	367,535,095	83.0

* Chapter 546 Acts of 1969 (Sales tax statute providing for minimum reimbursements to municipalities)

SOURCE: Massachusetts Department of Education.

To further complicate equalization of the burden of cost, categorical

programs [1] outside of Chapter 70 such as vocational education, transportation, school construction, bilingual, and special education further reduce the amount of Chapter 70 money available to the cities and towns needing additional money. Also, many of these categorical programs do not distribute money on a need basis but rather on the ability of the community to spend.

Reform of the current state school finance system would provide an equal educational opportunity for approximately 1,200,000 pupils in Massachusetts' 385 public school districts. A major property tax relief program, as part of the school finance system,would ease the property tax burden on those families that are affected by the highest per capita tax burden in the United States, and who must also share in providing funds for education.

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[1]Categorical programs are individual programs of state aid for specific types of educational expenditures.

PLAN FOR REVIEW OF LITERATURE

The MTA Research Division's files contained most of the publications needed to review the status of school finance reform and circuit-breaker legislation in the United States. Financial data needed for each school district in Massachusetts were taken from the MTA Research Division's computerized financial module. The original source of these data were the end-of-year financial reports submitted to the Massachusetts Department of Education by each school district in Massachusetts during fiscal year 1976.

An ERIC search identified 24 citations:

ED 120983 The States and School Finance - After Rodriguez. A Background paper for the National Governors' Conference and the National Legislative Conference.

ED 116283 Public School Finance. Report of the Joint Senate Interim Committee.

EJ 113434 Public School Finance in a Post-Serrano World.

ED 109267 "Equal Educational Opportunity": Alternative Financing Methods for Public Education.

ED 105027 Estimating Labor Supply Response: A Sensitivity Analysis.

ED 105023 A General Economic Framework for Welfare Reform Analysis.

ED 104976 The Politics of Poor Relief: A Study in Ambiguities.

ED 101479 Financing the Public Schools of South Dakota.

ED 101478 School Finance in Transition. Proceedings of the National Conference on School Finance (16th, Atlanta, Georgia, April 1-3, 1973.)

EJ 100949 Flash: The (Expletive Deleted) Serrano Pot Boils Again.

ED 098676 Alternative Methods for Financing Public Services: The Cases of Education and Welfare. Final Report.

ED 098675 Alternative Methods for Financing Public Services: The Cases of Education and Welfare. Final Summary Report.

ED 098652 The Property Tax and the Voters. An analysis of state constitutional referenda to revise school finance systems in California, Colorado, Mighigan, and Oregon in 1972 and 1973. Occasional paper No. 2.

ED 095640 Future Directions for School Finance Reform.

ED 091805 Financing the Public Schools of Kentucky.

ED 089398 Public School Finance Study. Final Report.

ED 088218 Urban Schools and School Finance Reform: Promise and Reality.

EJ 087701 The Fourteenth Amendment and School Finance.

ED 083733 Year-Round Schools and Urban School Finance.

ED 079865 School Finance Reform in the States: What Should be Done?

ED 077070 Local Public Schools: How to Pay for Them? Public policy bibliographies: 2.

ED 074606 Restructuring School Finance. Legal and financial implications of the Serrano case for the State of Oregon.

ED 063670 Revising State Education Finance Systems: Simulating Policy Alternatives.

EJ 061945 Serrano V. Priest: Milestone or Millstone for School Finance.

While many of the citations were found to be duplicates of the school finance and property tax relief publications contained in the MTA Research Division's files, those that were not duplicates helped to support the author's approach to resolving the Massachusetts school funding and property tax problems.

The task now before the author was to sort out from over 100 publications those concepts that might be incorporated in the MTA's proposed school finance and circuit-breaker bills. The decision to propose or not to propose a concept in the school finance bill would be based on the author's knowledge of the historical development of the current Massachusetts school aid legislation and, more importantly, the political appeal of a concept to legislators. The concepts to be proposed for the circuit-breaker bill would be based on the experiences in other states.

OBJECTIVES OF THE PRACTICUM

In April of 1976 the MTA Director of Research, the MTA Director of Governmental Services, and the MTA Associate Executive Director for Government and Community Affairs began a series of discussions concerning the problems associated with the current Massachusetts school finance system. After 11 meetings, it was decided that the quickest and least costly way to change the current school finance system was through the legislative process rather than through litigation. A major factor in the decision to go through the legislative process was the MTA's successful lobbying effort in having over 40 major educational bills enacted during the last ten years.

The MTA Director of Research, who is the author of this practicum, would be responsible for drafting two pieces of legislation. These drafts, if approved by the MTA's Legislative Committee and/or Board of Directors, would be made part of the MTA's 1977 Legislative Program.

In June of 1976 the author developed the following goals and objectives:

Goal One: To write and file a bill which, if enacted, would revise the current method of distributing school aid.

Objective One: To identify and study legislation in school finance reform states such as Michigan, Florida, New Mexico, Utah, and Connecticut.

Objective Two: To study the current Massachusetts school aid formula (Chapter 70) with emphasis on the disparities that currently exist.

Objective Three: To develop a new state aid formula that would be constitutionally sound.

Objective Four: To simulate varying amounts of state dollars available to fund a new school aid formula.

Objective Five: To develop a pro-ration mechanism in order to compensate for insufficient state dollars to fully-fund school district entitlements.

Objective Six: To seek advice from other organizations and modify original concepts, if needed, based on the input from those organizations.

Objective Seven: To write a draft of the new state aid bill.

Objective Eight: To seek approval from the MTA Board of Directors and/or MTA Legislative Committee to file the school aid bill.

Objective Nine: To discuss the school aid bill with the legislative leadership (Senators and Representatives) and ask that they file the bill on behalf of the MTA.

Objective Ten: To file the bill.

Goal Two: To write and file a bill which, if enacted, would provide for property tax relief. Bills providing for property tax relief are commonly called circuit-breaker bills.

Objective One: To study the legislation of states that currently have a circuit-breaker.

Objective Two: To identify groups in Massachusetts who would be eligible for property tax relief.

Objective Three: To develop a tax credit table for selected income classes and age groups.

Objective Four: To seek input from other organizations.

Objective Five: To write a draft of the proposed circuit-breaker bill.

Objective Six: To seek approval from the MTA Board of Directors and/or MTA Legislative Committee to file the circuit-breaker bill.

Objective Seven. To discuss the circuit-breaker bill with the legislative leadership (Senators and Representatives) and ask that they file the bill on behalf of the MTA.

Objective Eight: To file the bill.

PROCEDURE FOR ACHIEVING OBJECTIVES IN GOAL ONE

Goal One: To write and file a bill which, if enacted, would revise the current method of distributing school aid.

Identification and Study of Legislation in School Finance Reform States

One of the first tasks the author had to undertake was to identify those states that had enacted school finance reform legislation during the last five years.

In June of 1976 the author called Dr. John Callahan, Director of the National Conference of State Legislators Education Action Project (L.E.A.P.), and a friend of the author. Dr. Callahan helped the author in identifying those states that had passed school finance reform legislation after the landmark Serrano decision of 1971. [1]

The reform states identified by Dr. Callahan were: Arizona, California, Colorado, Florida, Illinois, Iowa, Kansas, Maine, Michigan, Minnesota, New Mexico, North Dakota, Utah, and Wisconsin.

The 14 states identified are called reform states because all had revised their school aid formulae after the Serrano decision of 1971. The courts held in the Serrano decision that the laws that make the quality of a child's education dependent on the wealth of a community are constitutionally suspect and vulnerable to court challenges.

Dr. Callahan suggested to the author that he study the legislation of the reform states and that the author also review a 1976 National Conference of

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[1] 5 CAL 3d 584, 487 p. 2d 1241, 96 CAL Rptr. 601 (1971).

State Legislators' booklet on school finance reform. [1]

The MTA Research and Legal Divisions' files of the 50 states contained school finance reform legislation of all the 14 states identified as reform states. The author reviewed each state's legislation looking for concepts that could be incorporated into the draft bill the author would prepare for the MTA. However, the most complete analysis of new school finance reform was contained in the booklet that Dr. Callahan had suggested. The booklet reported the results of several goal-oriented school finance research studies conducted in states that had revised their school finance systems since 1971.

Two concepts the author would recommend for inclusion in the MTA school finance bill were found in the National Council of State Legislators' Booklet. [2] These concepts were a per capita measure of wealth and a pupil weighting system.

Per Capita Measure of Wealth

Every state studied used a measure of wealth that contained the same denominator. The denominator used was "population". Each state used some measure of wealth divided by the population. For example, in 1973 Kansas added an "income per capita" adjustment to its aid formula in order to compensate for income differentials among districts. [3]

Connecticut and Virginia had adopted a per capita measure as part of their educational aid formula. Colorado and South Dakota plan to use a per capita measure in their school aid formula. [4] Also, the Advisory Commission on Intergovernmental Relations implicitly incorporates the per capita measure of local

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[1] J.J. Callahan and W.H. Wilken, ed., School Finance Reform: A Legislator's Handbook, (Washington D.C.: National Conference of State Legislators, 1976) pp. 1-104.

[2] Ibid, pp. 1-104.

[3] Ibid, p. 35.

[4] Ibid, p. 36.

wealth. Further, many federal aid programs of the equalization type utilize per capita measures of wealth, particularly the federal revenue-sharing program.

Finally, a study conducted by the Research and Policy Committee of the Committee for Economic Development concluded that ability to pay based on income per capita is a more accurate measurement than property value per capita. [1]

The measure of wealth currently being used in Massachusetts was "equalized valuation per school attending child". [2] The author believed that this measure of wealth has two serious faults. First, measuring local wealth on an equalized valuation per school attending child does not take into account a community's fiscal ability to support both school and non-school expenditures. Secondly, equalized valuation per school attending child is biased in favor of communities whose pupil population, as a percentage of the total population, is above the average and against communities whose pupil population, as a percentage of the total population, is below the average.

It is not uncommon in Massachusetts to find, for example, two communities with the same equalized valuation but with different pupil populations. The community with more pupils would appear to be less wealthy when the ability to raise property tax dollars is measured by equalized valuation per school attending child. However, if both communities were measured by income per capita, the ability to raise tax dollars for all municipal services could be the same.

Under the current school aid formula, the urban communities in Massachusetts look wealthy when actually they were being discriminated against because of the

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[1] Committee for Economic Development, Paying for Better Schools, (Washington D.C.: Research and Policy Committee of the Committee for Economic Development, 1959), p. 49.

[2] Equalized Valuation Per School Attending Child is defined as the 100 percent fair cash (market) value of all property in a community divided by the number of school age children in a community attending school anywhere. The fair market value is determined by the Massachusetts Department of Revenue.

non-school services they have to provide. As was shown in Table 2 on page 7, the low-level of state support and underfunding of the current aid formula further compounds the fiscal problems of the large and small urban communities.

Massachusetts does not report income data, therefore, to measure a community's ability to pay on income per capita was not possible. A measure of wealth based on the equalized valuation (100 percent market value) of all property in a community divided by the population of that community was, in the author's opinion, the best measure of a community's ability to support education. Further, this measure would not discriminate against urban communities.

Pupil Weighting System

One concept contained in the Florida school finance legislation that the author found worthy of consideration was the pupil weighting (unit) concept. The author discovered that the Florida pupil weighting concept was also contained in the school finance legislation of six other states - Illinois, Indiana, Iowa, New Mexico, New York, and Utah. [1] A problem facing many school districts in Massachusetts was the number of "expensive to educate" pupils. For example, special education programs are very expensive because of the small class sizes, specialized teachers, special classrooms, and more expensive equipment.

In addition, pupils from low-income families were included in the general aid program. These pupils were in need of more individualized instruction and special teachers. Add to this program bilingual and vocational education and one can understand the fiscal chaos placed on the school districts in large and small urban centers.

Each of the three programs; special education, bilingual, and vocational

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[1] J.J. Callahan and W.H. Wilken, ed., School Finance Reform: A Legislator's Handbook, (Washington D.C.: National Conference of State Legislators, 1976) pp. 12-26.

education are funded under a different law than general school aid (Chapter 70).[1] However, both special education and bilingual aid are paid out of the general school aid funds and, in a prescribed order of priority. First, special education and, second, bilingual. The third program, vocational education, is a separately funded program.

These three programs are called "categorically aided programs" because each has its own state law specifying the way in which state aid will be distributed. Since each categorically aided program had its own special interest group lobbying for more state dollars and because state dollars were not plentiful, a better measure of need had to be developed. The author decided to study the student-weighting concept further.

Establishing pupil weighting units is not a new concept. Weighting was developed during the 1920's by Paul R. Mort. In 1951, Mort stated that, "The weighted pupil is the most systematically refined of all measures of educational need...".[2]

After a thorough study of the pupil weighting systems in Florida, New Mexico, and Utah, the author decided to incorporate the concept of weighted pupil units in the draft proposal. In addition, a recommendation would be made that the three categorically aided programs - special, bilingual, vocational education - be replaced by the pupil weighting unit. The weights to be assigned to students in career development and career awareness programs would be included by the author to satisfy those MTA members who knew of the author's study of school finance. These members were directly involved in the programs and believed their programs were as important as vocational education programs. Additional money would be available to these programs if the weighting concept were made part of the law.

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[1]Appendix A, p. 76.

[2]Paul R. Mort, Walter C. Reusser, and John W. Pollee, Public School Finance, (New York: McGraw-Hill Book Co., 3rd ed., 1960), p. 256.

The kindergarten weight would be recommended purely for political reasons although there is an educational justification for such weighting. Pupil enrollment projections showed that the elementary population was declining. If an elementary weighting were enacted, the additional money that went to school districts could prevent the reduction of elementary teaching positions. This reasoning was not to be made public. The public position for the kindergarten weight would be that the early years are the most important in developing the student's attitude toward education and identifying those who need special help would, in the long run, prevent more costly remedial programs in secondary school. The fact that Florida, Utah, and New Mexico [1] had kindergarten weights that appeared to be working would help in the MTA's lobbying for a kindergarten weight. In fact, the Florida legislation raised their K-3 weights from 1.20 to 1.234 because key legislators expressed their belief the early years were more educationally significant. [2]

Since many Massachusetts school districts had a significant number of students from low-income families (40 percent of the pupils in one community were from low-income families), and since these students are usually associated with more intense, high-cost programs, the low-income weight would be recommended in the draft bill. [3] Seven states - Minnesota, Missouri, Nebraska, New Jersey, Ohio, Pennsylvania, and Washington - have a low-income adjustment in their state aid formulae. [4]

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[1] J.J. Callahan and W.H. Wilken, ed., School Finance Reform: A Legislator's Handbook, (Washington D.C.: National Conference of State Legislators, 1976), pp. 17-19.

[2] Ibid., p. 14.

[3] Low-income students would be identified through Title I or the Federal Elementary and Secondary Education Act of 1965.

[4] J.J. Callahan and W.H. Wilken, ed., School Finance Reform: A Legislator's Handbook, (Washington D.C.: National Conference of State Legislators, 1976), p. 29.

The weights for each "type" of Massachusetts student would be derived by determining the average cost of each of the four major programs - Regular, Special, Bilingual, and Vocational. By assigning a weighting factor of 1.00 to the "regular" pupil, the additional weights for the three remaining programs could be easily determined. For example, if the state-wide average "regular" program per pupil cost were $1,000 (base weighting factor of 1.00), the a state-wide average vocational per pupil cost of $2,000 would be assigned a weight factor of 2.00. Any adjustment to a program weighting factor, other than a "regular" weight, would be based on the percent that a program cost exceeds that of a regular program cost.

The weights for any other type of students that may be included in the draft proposal would be decided after discussions with MTA staff involved in the study.

The author needed a rationale for the weighting unit measure. The fact that several states had weighting systems may not convince the MTA Legislative Committee and Board of Directors that this system was needed in Massachusetts.

The author compiled a list of some of the advantages of weighting systems as outlined in the National Conference of State Legislators' Handbook. [1] The advantages of a pupil weighting system are:

1. An educational emphasis on the child.
2. A preciseness of support-level.
3. Easy understanding for the layman.
4. Equalization based on student need since the incidence of need varies widely from district to district.
5. Adequate support for high-cost programs by providing proportionally greater state funding.
6. An opportunity to direct major program support policy from the level most responsible for funding.
7. The consolidation of categorical grants.

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[1] Ibid., p. 13.

This list would be presented to the MTA Legislative Committee and Board of Directors in addition to explaining the way the weighting system would work. The author would recommend specific weights for each program and special categories of students for inclusion in the MTA school aid reform bill.

The Current School Aid Formula (Chapter 70)

In 1948 a school finance law, Chapter 643, was enacted by the Massachusetts Legislature. Chapter 643 was drafted and supported by the Massachusetts Teachers' Association (MTA), the Massachusetts Federation of Teachers (MFT), the legislature's Committee on Taxation, and interested citizens. The law established a minimum level of financing throughout Massachusetts. The minimum level was set at $130 per pupil. The state would pay one-half the difference between $6 per $1,000 of property value and the sum of $130 times the number of pupils in a community. The law became immediately disequalizing because the legislature, which sets valuations in a community, froze valuations and refused to fund the new law.

In 1961 a group called the Massachusetts Educational Conference Board (MECB) was formed. The Conference Board was comprised of eight school organization groups: (1) the MTA, (2) the Massachusetts Association of Secondary School Principals (MASSP), (3) the Massachusetts Junior High/Middle School Principals Association (MJHMSP), (4) the Massachusetts Elementary School Principals Association (MESPA), (5) the Massachusetts Association of School Committees (MASC), (6) the Massachusetts Association of School Superintendents (MASS), (7) the State College Organization, and (8) the Massachusetts Parent/Teacher/Student Association (MPTSA). The Board was created for two reasons; first, to bring together school organizations when they disagreed and secondly, to act together in school issues when they agreed.

Later in 1961 the MECB received a grant from the New England School Development Council (NESDEC) to study school finance. Dr. Charles Benson, then a professor of economics at Harvard, assisted the Board in developing a new

school aid formula that was designed to distribute state aid in inverse ratio to local property wealth (a percentage-equalizing formula).

Approximately five years later the so-called NESDEC formula was enacted into law (1966) after a strong lobbying effort by the MECB. The new law, Chapter 70 of the Acts of 1966, was still in effect when the MTA decided to conduct a study that would result in a new aid formula to replace the current law.

Section 1 of Chapter 70 spells out the two purposes of the Chapter. First, to promote the equalization of educational opportunity in public schools of the Commonwealth and secondly, to promote the equalization of the burden upon the cities and towns of the cost of school support.

Soon after enactment of Chapter 70 it became obvious to those familiar with school finance that the formula would never be allowed to operate as intended. The state would not appropriate its share to the formula, thereby making the Massachusetts percentage equalizing formula one of the most disequalizing school aid formulae in the nation.

In order to understand the disequalizing effect of an underfunded aid formula, some of the major features of Chapter 70 must be understood. Every two years the Massachusetts Department of Revenue determines the 100 percent cash value of each Massachusetts community. This value is called the "equalized valuation" and is the measure of local wealth. School aid is distributed on a per pupil basis. The "school attending child" is a pupil residing in a city or town who attends school - public or non-public - and is enrolled in grades Kindergarten through 12.

The equalized valuation is divided by the number of school attending children (SAC) in each community. The resulting figure is the "local equalized valuation per school attending child".

An average state equalized valuation per school attending child is derived by totaling all 351 Massachusetts city and town equalized valuations and dividing

by the total number of school attending children in the state.

Once the local and state equalized valuation per school attending child are computed, the local equalized valuation per school attending child is divided by the state equalized valuation per school attending child. The result is the "valuation percentage". The law states that Massachusetts would provide an average of 35 percent of the operating costs of schools when the local and state equalized valuation per school attending child are equal to each other.

Operating costs excluded expenditures for transportation, food services, special education, vocational education, and capital outlays. These expenditures are reimbursed under other aided programs commonly called categorical programs.

The valuation percentage is multiplied by 65 percent and subtracted from 100 percent (i.e., the 35 percent state average school operating cost).

The result is the "school aid percentage". The school aid percentage is multiplied by the school districts' reimbursable or operating expenditures. The product is the amount of school aid that the city or town would receive.

$$\text{State Aid} = 1.00 - \left[.65 \left(\frac{\text{Local Equalized Valuation Per School Attending Child}}{\text{State Equalized Valuation Per School Attending Child}} \right) \right] \times \text{Reimbursable Expenditures}$$

However, since the passage of Chapter 70 in 1966, the formula has only been fully-funded twice. Table 2 on page 7 shows Chapter 70 entitlements and actual distributions from 1965 to 1976.

In 1966 a Local Aid Fund was enacted by the legislature. [1] The fund was divided into two parts. The part used for distribution of school aid was to be funded by 80 percent of net sales and use tax receipts plus income derived from an old Massachusetts School Fund. [2] The part for general aid to cities and towns

[1] Chapter 58, section 18A.

[2] Chapter 70, section 3.

was distributed on a local wealth basis.

Only after general aid had been distributed would school aid be distributed. This method of distributing limited state funds meant that Chapter 70, which was to be an equalizing formula, had its equalizing effect cancelled.

In 1969 the local aid fund was abolished and a guaranteed distribution to cities and towns was established. School aid would now be made from a guaranteed distribution of $239.6 million, increased by an amount equal to the percentage increase in sales tax collection. However, not all the aid would be used for school aid. The state would distribute the funds in the following order or priority:

1. Machinery Basis - compensation to cities and towns for lost revenue through exemption of machinery from local taxation.
2. Special Education - 100 percent of the excess regular day student cost.
3. School Aid (Chapter 70).
4. Valuation Basis - money left after machinery basis, special education, and school aid were paid out. (No distribution had been made since 1972.)

For the first time since the passage of Chapter 70 each city and town was to receive their full (100 percent) entitlement of school aid.

In 1971, the legislature passed Chapter 71A, section 8. This Chapter provided reimbursement for programs in transitional bilingual education. The $4 million to pay for this program would come from the guaranteed distribution and would be paid before school aid (Chapter 70).

Even with the addition of Chapter 71A, section 8, each city and town would receive 100 percent of their entitled school aid.

The distribution of 100 percent of school aid entitlement would end after 1971. All Massachusetts school districts would now have to face slow but

dramatic reduction in the percent of school aid reimbursed. The state would not appropriate the money needed for 100 percent reimbursement.

To add to the fiscal strain, there was a maximum and minimum percentage of state aid reimbursement in Chapter 70. The maximum percentage was 75 percent; the minimum was 15 percent. The fact that these percentages were in the law, wealthy communities would receive some school aid even if their expenditures exceeded the state average expenditure. On the other hand, poor communities suffered because they could not exceed 75 percent of their expenditures.

Another limitation further reduces the equalizing intent of Chapter 70. Chapter 70 states that any school district whose reimbursable expenditures per public school pupil exceeds 110 percent of the state-wide average would only be reimbursed at the 110 percent level. A school district that spent less than 80 percent of the state-wide average would have its expenditures raised to an amount equal to 80 percent of the state-wide average. The obvious effect of these percentage limitations is to destroy local incentive to spend money on education.

Further, there was a limitation on those school districts receiving substantial federal aid. A school district's aid plus federal aid could not exceed 75 percent of their reimbursable (aidable) expenditures.

Finally, the law states that no school district shall receive less than 115 percent of the amount of aid they received in 1965 plus any grants and reimbursements that were terminated when Chapter 70 was amended in 1966.

The net effect of the limitations cited above is to restrict the percentage equalizing formula contained in Chapter 70. Also, because the wealth of cities and towns vary widely; because of various amendments (i.e., bilingual aid) and because categorical aid programs (i.e., vocational education) exist, the educational community had become concerned over the underfunding and disequalizing aspects of Chapter 70.

The following example is typical of the disparities that school districts encounter. Assume that Massachusetts has only three school districts - A, B, and C, and that each has an equal number of students and that each have incurred an expenditure of $1,000 per pupil. Let us further assume that when measured on a taxable wealth per pupil, School District A is poor, Town B is an average-wealth community, and Town C is wealthy.

The following is illustrative of the aid percentages and aid entitlement each school district would receive:

School District	Valuation Percentage	School Aid Percentage	Expenditure Per Pupil	Aid Entitlement
A	61.5%	60%	$ 1,000	$ 600
B	100.0	35	1,000	350
C	130.8	15	1,000	150

The total aid entitlement, therefore, equals $1,100. However, because Special Education and Bilingual entitlements must be paid out of Chapter 70 funds before any money is distributed in general aid, there are insufficient funds to pay the $1,100 per pupil. A pro-ration percentage is computed and the school districts will receive only a portion of these entitlements.

School District	Aid Entitlement		Pro-ration Percentage		Aid Distribution
A	$ 600	X	.80	-	$ 480 (-$120)
B	350	X	.80	-	280 ($70)
C	150	X	.80	-	120 ($30)

Note the poorest school district has the greatest loss due to underfunding and pro-ration.

The current method of distributing school aid does not offset, but rather contributes to, the fiscal disparities that characterize the Massachusetts school finance system.

The Development of a New State Aid Formula

In July 1976, the author met with the Research Division's Systems Analyst and the Director of Governmental Services to discuss the development of a new state aid formula. The concepts identified in the author's study of other states' school finance reform legislation were to be translated into computer language in order to simulate these effects on Massachusetts.

The general formula to be programmed was:

$$\text{Aid} = 1.00 - \left[(p) \times \frac{\text{Equalized Valuation Per Capita (local)}}{\text{Equalized Valuation Per Capita (state)}} \right] \times \text{Total Full-Time Equivalent Pupils} \times \text{Average Per Pupil Support Level Per Full-Time Equivalent}$$

Several assumptions had to be made when simulating the aid formula. The assumptions were:

1. That "p", the state's share, would be 35% in year one, 40% in year two, 45% in year three, and 50% in year four.
2. That the "support level" per pupil would be $1,250 in year one, $1,310 in year two, $1,360 in year three, and $1,440 in year four.
3. That no school district would receive less aid, "save-harmless," than they did in the previous fiscal year plus a 6 percent add-on.

If a new school finance aid formula was to be enacted, there had to be a guarantee that no school district would receive less aid than it had received during the last fiscal year. This guarantee (save-harmless) would be necessary because no one believed that Massachusetts would fully-fund the new formula. Therefore, the

save-harmless provision is necessary. Further, if any school district were to receive less money than the year prior to enactment of a new school aid bill, it was doubtful any new aid bill would pass. In order to gain more support for a new aid bill, the author would incorporate an approximate inflationary percentage of 6% for at least four years. This percentage would do two things; first, the school district would receive at least 6% more dollars during a four-year period and secondly, the school districts would have four years to adjust to the loss of state aid in year five. The number of save-harmless school districts would depend on the amount of money the state was willing to appropriate for a new school aid formula.

4. That varying weights for each student in an educational program could be simulated. This was critical because the total cost of the aid program is affected by the total weighted full-time equivalents (FTE's).[1]
5. That all categorical programs would be eliminated. Adoption of a weighting system eliminates the need for categorically aided programs.

In addition to the above, the analyst must design a program flexible enough to incorporate any other concepts that might be added at a later date. Also, the program would have to be flexible enough to experiment with pro-ration mechanisms. Therefore, the local support percentage (equalized valuation per capita divided by the state equalized valuation per capita) would have to be recomputed so that the

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[1]Full-Time Equivalent (FTE) is derived by dividing the amount of time in a part-time program by the amount of time spent in a corresponding full-time assignment. This measure of time is usually expressed as a decimal fraction to the nearest tenth.

percentage would be the same for all school districts. This recomputation would guarantee that each school district received their proper share of whatever amount of state aid funds were available.

The source data to be used in simulating the new aid formula would come from the End-of-Year Financial Reports submitted by each school district during FY 1975 - the latest year available.

The data were made available to the MTA by the Massachusetts Department of Education and were located in the Research Division's computerized financial module.

The Systems Analyst was given a September 1 deadline for developing the programs needed to simulate the new aid formula. The author and Director of Governmental Services agreed to provide the analyst with any new concepts as soon as possible. The author also authorized the analyst to hire additional programmers, if needed, in order to meet the September 1 deadline.

Simulating Varying Amounts of State Dollars

The analyst was to conduct five test runs of the new aid program. The combination of weights assigned to each program in each of the five test runs was made by the author. The weights were determined using two very different methods. First, the weights were determined by computing the actual cost of a program and then adding a growth factor of eight percent. Secondly, a political decision was made to either establish a weighted program, to increase, or in some cases to decrease actual cost weights. By doing this the weights and programs could be negotiated with special interest groups and state legislators. For example, the author was almost certain that weights for career development and career awareness would be negotiated out of the bill if the bill were enacted by the legislature. The reader may recall that the only reason given for including a weight to each of these two programs was to satisfy an MTA special interest group. Also, the author knew that the special education interest groups would lobby the MTA and the legislature for more than one special education weight because of the existence of many categories of special education students. At the proper time, the MTA was prepared to "give in" to these groups and assign additional weights to special education. The strategy employed in this second method of determining weights and programs was to gain support of the MTA bill by a number of special interest groups.

By the middle of August 1976, the Research Division's Systems Analyst was ready to test the proposed school aid formula. The author provided the analyst with a matrix of pupil weights to be used in each program, as shown in Table 3.

TABLE 3

MATRIX OF PUPIL WEIGHTS AND PROGRAMS FOR TEST RUNS

Program	TEST RUN WEIGHTS #1	#2	#3	#4	#5
1. Regular Day	1.00	1.00	1.00	1.00	1.00
2. Bilingual	1.20	1.30	1.40	1.50	1.80
3. Special Education	2.00	2.20	2.30	2.40	2.50
4. Vocational Education	1.50	2.00	2.50	2.50	2.50
5. Kindergarten	0.50	0.60	0.60	0.60	0.60
6. Career Development	1.20	1.30	1.40	1.50	1.50
7. Career Awareness	1.00	1.10	1.20	1.20	1.20
8. Low-Income (Title I)	0.20	0.30	0.40	0.50	0.50

In approximately two weeks the five simulations were presented to the author by the Systems Analyst for review. The five computer simulations showed full-funding costs ranging from $525 million to $865 million. It became obvious to the author that the range of full-funding costs had to be reduced since the Fiscal Year 1977 state aid full-funding cost based on expenditures made in Fiscal Year 1975, was $489.5 million. The author believed that a full-funding cost would have to be somewhere around $650 million. The task now was to re-examine the weights and to run the program again with a proration mechanism since the state would not fully-fund a new aid formula.

Developing a Pro-Ration Mechanism

During the time the MTA was studying and developing a new school aid formula to be filed during the 1977 legislative session, two other groups were studying school finance. The Massachusetts Department of Education had established an Office of School Planning and was preparing its own bill for filing. The other group, the Special Commission on Unequal Educational Opportunity (Special Commission), was also studying school finance but would wait to see what concepts were contained in the MTA and Department of Education bills before writing a bill of its own. The Special Commission was established on December 6, 1973 specifically to assist Boston in its integration efforts. The Commission consists of four Senators, seven Representatives, and nine members appointed by the Governor. Mr. John Sullivan, MTA Associate Executive Director for Government and Community Affairs, is an appointed member of the Commission.

On September 1, 1976 the author met with Mrs. Rosamond Crane, Executive Director of the Commission, to discuss the Special Commission's study of school finance. The discussion led to a new pro-ration concept that both the Commission and the Department of Education had been studying. Mrs. Crane suggested that the author meet with Department of Education personnel to discuss the development of the new pro-ration mechanism. The review of school aid schemes conducted by the author did not reveal a pro-ration mechanism that would more equitably distribute aid when state aid entitlements are not fully-funded.

After two meetings with Department of Education personnel, an agreement was reached on a new pro-ration mechanism. It was agreed that the most equitable way to distribute aid, if the entitlements were to be underfunded, was to adjust the local support percentage ("p"). See Appendix A for an explanation of local school aid percentage and its use in the current state aid formula. By adjusting the local school aid percentage when underfunding occurs, the total amount of aid entitlements for all school districts would be equal to the total funds

appropriated for distribution as aid. This mechanism would distribute aid more equitably with the wealthier school districts receiving less aid than poorer school districts.

The Table that follows was prepared by Department of Education personnel and the author.

TABLE 4

A COMPARISON OF THE "OLD" AND "NEW" PRO-RATION MECHANISM

School District	Expenditure Per Pupil	Full-Funded Entitlement	Entitlement Per Pupil @ 85% Funding (Old Pro-Ration)	Entitlement Per Pupil @ 85% Funding (New Pro-Ration)
A (poor)	$ 1,000	$ 800	$ 680 (-$120)	$ 770 (- $30)
B (average)	$ 1,000	$ 500	$ 425 (- $75)	$ 425 (- $75)
C (wealthy)	$ 1,000	$ 200	$ 170 (- $30)	$ 80 (-$120)

This pro-ration mechanism, adjustment of the local school aid percentage, was adopted by the author and would be made part of the MTA's school aid bill.

Advice From Other Organizations

From September 1976 to November 1976 the author met 22 times with various groups and individuals not associated with the MTA. [1] Meetings with MTA staff were held almost on a daily basis to discuss such topics as the lobbying strategy, the data that would be needed, and who would be the best legislator(s) to file the MTA bill.

The results of those meetings with the various groups and individuals, as well as MTA staff, would be reflected in the draft of the MTA school finance bill.

The following special education weights were to be included in the MTA bill:

1. A weight of 2.3 for programs for children of special needs that are regular education programs with modifications.
2. A weight of 3.0 for programs for children with special needs that are substantially separate from regular education programs.
3. A weight of 3.7 for day programs for children with special needs.
4. A weight of 9.0 for residential programs for children with special needs.

These weights were added in order to gain the support of those who had supported the current Special Education Law (Chapter 766).

The weights for all other programs to be included in the MTA bill were established and a computer run was made to show the effect of all weights.

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[1] See Appendix B, p.78 for a calendar of meeting dates and those with whom the author discussed the MTA School Finance Reform Bill.

The following weights, in addition to the special education weights, were to be as follows:

1. 1.00 for all public school day programs that are not special, vocational, bilingual, or auxiliary.
2. 1.4 for bilingual programs.
3. 2.0 for vocational education programs.
4. 0.6 for kindergarten programs.
5. 1.4 for career development programs.
6. 1.1 for career awareness programs.
7. 0.5 for Title I pupils - this weight is in addition to any weight in any of the other programs.

All the weights incorporated in the MTA draft proposal would be based either on actual costs or as a compromise to accommodate special interest groups. If no accommodations were made then the concept of weighting would have meant strong opposition to the concept. Since both the Department of Education and the Special Commission for Unequal Educational Opportunity were also pursuing the weighting concept, the author felt that it was necessary to negotiate acceptable weights in the MTA proposal.

A final computer run was made using all the concepts the MTA wanted in the school finance bill. The result was a bill that had a total full funding cost, as shown in Table 5, of $751.8 million if implemented in FY 1978.

The amount of projected aid for each school and the percent increase over FY 1977 aid was also part of the computer run. [1] Tables 6, 7, 8, and 9 show the save-harmless effects of the MTA proposal. The number of districts affected by save-harmless would have an impact on the amount of support for the bill (i.e., the less districts in save-harmless, the more support). Actual cost, after

[1] Appendix C., p. 80.

TABLE 5

TOTAL ANNUAL COST OF THE MTA SCHOOL FINANCE REFORM PROPOSAL FUNDED AT 100 PERCENT

FY 1978-FY 1981

(Amounts Shown in Millions)

Fiscal Year	Projected Cost	Additional Cost Over FY 1977
1978	$ 751.8	$ 262.3
1979	861.7	372.2
1980	990.0	500.5
1981	1,137.0	647.5

SOURCE: Massachusetts Department of Education.

TABLE 6

SAVE-HARMLESS EFFECT OF THE MTA SCHOOL FINANCE REFORM PROPOSAL

FY 1978

(Money Amounts Shown in Millions)

Projected Cost	$ 751.8
Save-Harmless	$ 65.0
Save-Harmless as a Percent of Projected Cost	8.6%
Number of Districts in Save-Harmless	208

SOURCE: Massachusetts Department of Education.

TABLE 7

SAVE-HARMLESS EFFECT OF THE MTA SCHOOL FINANCE REFORM PROPOSAL

FY 1979

(Money Amounts Shown in Millions)

Projected Cost	$ 861.7
Save-Harmless	$ 46.1
Save-Harmless as a Percent of Projected Cost	5.3%
Number of Districts in Save-Harmless	165

SOURCE: Massachusetts Department of Education.

TABLE 8

SAVE-HARMLESS EFFECT OF THE MTA SCHOOL FINANCE REFORM PROPOSAL

FY 1980

(Money Amounts Shown in Millions)

Projected Cost	$ 990.0
Save-Harmless	$ 29.3
Save-Harmless as a Percent of Projected Cos	3.0%
Number of Districts in Save-Harmless	122

SOURCE: Massachusetts Department of Education.

TABLE 9

SAVE-HARMLESS EFFECT OF THE MTA SCHOOL FINANCE REFORM PROPOSAL

FY 1981

(Money Amounts Shown in Millions)

Projected Cost	$ 1,137.0
Save-Harmless	$ 18.8
Save-Harmless as a Percent of Projected Cost	1.7%
Number of Districts in Save-Harmless	90

SOURCE: Massachusetts Department of Education.

A Draft of the MTA School Aid Bill

In November 1976 the MTA school aid bill was written by the author and reviewed by the MTA Legal Services Division, the Director of the MTA Governmental Services Division, and the Associate Executive Director for Government and Community Affairs. After some minor technical corrections, the bill was ready on November 22 for final typing.

The bill had as its purpose, "to promote the equalization of educational opportunity in the public schools of the Commonwealth and the equalization of the burden of the cost of school support to the respective cities and towns".

The following summarizes the major features of the bill:

1. The new formula:

$$\text{School Aid} = \text{School Aid Percentage} \times \text{State Average Expenditure Per Pupil in Regular Day Programs} \times \text{Total Local Full-Time Equivalent Pupils}$$

$$\text{School Aid Percentage} = 1.00 - .65 \left[\frac{\text{Equalized Valuation Per Capita (local)}}{\text{Equalized Valuation Per Capita (state)}} \right]$$

2. "save-harmless" provision which means that no school district would receive less than 106 percent of the aid it received from the Commonwealth in FY 1977.
3. Weighting factors for various types of students.
4. School aid to be deposited in a separate school account.

5. A mechanism to allow the weights to be adjusted.
6. A pro-ration mechanism in the event of underfunding.
7. A five percentage point increase in the state's share of local expenditures until the state's share equals 50 percent.

The draft bill was now ready to be presented to the MTA Legislative Committee. The bill was also sent to those groups and individuals who had provided the author with suggestions on the preliminary draft.

Presentation of MTA School Finance Bill to MTA Legislative Committee for Approval

On November 23, 1976 the author, the Director of Governmental Services, and the Associate Executive Director for Government and Community Affairs presented the proposed MTA school finance bill to the MTA Legislative Committee.

After a thorough review of each section of the bill the committee voted unanimously (12-0) to have the bill filed with several other bills being submitted to the legislature.

The author was assured by the Legislative Committee members that the Board of Directors would vote to support the bill at their January meeting.

The Director of Governmental Services and the Associate Executive Director for Government and Community Affairs now had the task of identifying key legislators to file the school finance bill.

State law required that the bill be filed no later than 5:15 p.m. on December 1, 1976.

Legislators Requested to File MTA School Finance Bill

On November 29, 1976 the MTA Associate Executive Director and the author met with the House and Senate Chairmen of the Special Commission on Unequal Educational Opportunity. Senate Chairman Walter Boverini and House Chairman James Collins agreed to jointly file the MTA bill.

Filing the bill on behalf of the MTA did not mean that the chairmen would not support other school aid legislation if filed. However, since the MTA bill contained all the concepts being considered by the Commission, Senator Boverini and Representative Collins readily agreed to file the MTA bill.

Filing the MTA School Finance Bill

On December 1, 1976 the MTA school finance bill was filed with the Massachusetts Senate by Senator Walter Boverini and Representative James Collins on behalf of the Massachusetts Teachers Association.

The bill was given Senate Number 185 and assigned to the joint House and Senate Committee on Education. [1]

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[1] Appendix D, p. 86.

PROCEDURE FOR ACHIEVING OBJECTIVES IN GOAL TWO

Goal Two: To write and file a bill that, if enacted, would provide for property tax relief. Bills providing for property tax relief are commonly called circuit-breaker bills.

Circuit-breakers are tax relief programs that protect income from property tax "overload" in a way similar to an electrical circuit-breaker. When a property tax bill reaches a predetermined percentage of income the circuit-breaker comes into effect and tax relief is granted for the excess tax. Relief can come from a direct reduction in the property tax bill, a cash refund, or a credit against state income taxes. Regardless of the way in which relief is paid, circuit-breakers guarantee that no more than a specified amount of property taxes will be paid.

Obviously not all classes of income are eligible for tax relief under a circuit-breaker program. Low-income, elderly, and those on fixed incomes are beneficiaries of a circuit-breaker program.

For example, a family earning $5,000 would pay no more than 4.5 percent of its income in property tax ($225). If this same family's tax bill were $400, than $175 would be credited as prescribed by law. It is important to point out that the community in which the family lives would receive the entire $400 tax bill - $225 from the family and $175 from the state.

There are three fundamental advantages of the circuit-breaker:

1. The circuit-breaker can provide tax relief to those who need it most at a lower cost than a homestead exemption. If the objective is to relieve residential property taxes that are unduly

burdensome, the circuit-breaker can provide more meaningful relief at less cost because it targets relief dollars to those most in need of relief. In comparison with the circuit-breaker's "rifle" approach, which can fine-tune tax relief to the particular circumstances of individuals, the homestead exemption scatters relief shotgun-style to those with relatively light property taxes as well as those truly in need of relief, thereby needlessly sacrificing property tax revenues and driving up the costs of tax relief.

2. In contrast to homestead exemptions, renters as well as homeowners can be given relief under circuit-breakers. On the assumption that landlords pass on their property taxes to renters in the form of higher rents, the majority of circuit-breaker states designate some percentage of rent as a property tax equivalent which enters the circuit-breaker calculation in exactly the same manner as owners' tax payments. Because homestead exemptions reduce the property tax bill, they accrue directly to the owners. If exemptions are given to landlords, it would be difficult to ensure that renters received the benefit.

3. The circuit-breaker is less likely than the homestead exemption to encounter legal obstacles. A constitutional amendment appears to be a prerequisite for homestead exemptions in many states. Because the circuit-breaker can grant relief from residential property taxes without adjusting taxable values or tax amounts, the several test cases on this form of relief have held that the circuit-breaker does not violate the uniformity provisions. [1]

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[1]Advisory Commission on Intergovernmental Relations, Property Tax Circuit-Breakers: Current Status and Policy Issues (Washington D.C.: Government Printing Office, 1975), pp. 2-3.

A Study of Legislation in States That Currently Have a Circuit-Breaker

In fiscal 1974 there were 24 states that had circuit-breaker programs.[1] Circuit-breaker legislation was taken from each state file located in the MTA Research Division. After reviewing each of the 24 states identified as having circuit-breaker legislation, the author spoke on the telephone with Dr. John Callahan, Director of the National Conference of State Legislators. Dr. Callahan suggested to the author that the main features of each state's legislation be recorded. Once this was done the author would then have enough data from which to select those features that might be included in the proposed Massachusetts circuit-breaker legislation. The main features found in the review of circuit-breaker legislation are cited below.

All of the states studied had a basis of determining "excess" property tax from which relief was to be given. One approach in determining excess property tax was to fix a percentage to household income. This approach is called the threshold approach. Relief would be given to a family if the property tax bill exceeded the fixed percentage of household income. The second approach, sliding-scale, is based on a fixed percentage of the property tax to be collected. No consideration is given for household income.

Another feature common to all states reviewed was an age group eligibility clause. The age groups eligible for property tax relief varied from 60 to 65 and older for homeowners and renters. Some states also had a provision for those, regardless of age, who were classified as low-income.

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[1]Advisory Commission on Intergovernmental Relations, Property Tax Circuit-Breakers: Current Status and Policy Issues (Washington: Government Printing Office, 1975), pp. 8-9.

The review of circuit-breaker legislation resulted in the identification of four main features that the author would consider in drafting the MTA circuit-breaker bill: (1) how to determine "excess" property tax from which relief was to be given; (2) age ranges for the elderly; (3) provisions for low-income, regardless of age; and (4) whether or not a person was a homeowner or a renter.

The author made a decision at this time to incorporate one of the four features without any further investigation. The threshold approach would be made part of the proposed MTA circuit-breaker bill. The sliding-scale approach was not considered by the author because it would have required property-poor communities to levy higher tax rates than property-rich communities. Adoption of the sliding-scale approach in Massachusetts would mean that a wealth differential would continue to exist and defeat the intent of circuit-breaker legislation, which is to equalize the property tax burden for certain categories of people.

Twelve (12) of the 24 states reviewed use the threshold approach. The states were: Arkansas, Connecticut, Illinois, Kansas, Maryland, Michigan, Missouri, Nevada, North Dakota, Oklahoma, Vermont, and West Virginia.

The threshold approach used in the Michigan circuit-breaker would become the model for Massachusetts. In Michigan, the threshold ranges from zero to 3.5 percent of income, depending upon the level of income, with 100 percent of the excess property tax relieved by the state. In addition, the Michigan program has a provision for the non-elderly and renters. The author would consider this provision after identifying the groups eligible for inclusion in the draft MTA circuit-breaker.

Identification of Groups That Would be Eligible for Property Tax Relief

When identifying groups or classes of people to be covered in circuit-breaker legislation, consideration should be given to the following: age, income, and occupancy status (owners and renters). [1]

In a review of the descriptions of beneficiaries in the 24 states having circuit-breakers, the author found six states with a limited relief provision for people 65 years of age and over and who were homeowners or renters; two states had limited relief for people who were 62 years of age and over and were homeowners or renters; two states had a limited relief program for people who were 65 years of age and were homeowners; and one state provided limited relief to homeowners age 62 and over. Table 10 identifies the states that provided limited property tax relief via the circuit-breaker for persons age 62 or older.

In a telephone conversation with Dr. John Callahan, Director of the National Conference of State Legislators, the author was told that legislative priority in those states adopting circuit-breaker legislation have extended relief first to low-income elderly homeowners; low-income elderly renters; and finally, non-elderly owners and renters.

Dr. Callahan also told the author that the next decision should be to establish the income groups that would be eligible for property tax relief. Dr. Callahan strongly recommended that the author study the Michigan and Vermont circuit-breaker legislation.

Of the 24 states having a circuit-breaker for property tax relief, all but

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[1] Advisory Commission on Intergovernmental Relations, Property Tax Circuit-Breakers: Current Status and Policy Issues (Washington D.C.: Government Printing Office, 1975), pp. 8-9.

three states have a limit on the amount of income a household could earn and still be eligible for relief. The limit was in the range of $5,000 to $7,000. Three states without a limit on household income are Maryland, Michigan, and Vermont.

The Michigan and Vermont programs provide tax relief for all homeowners and renters with each state placing a $500 limit on the amount of relief a household can receive. The relief is provided as a state income tax credit or rebate.

The Michigan program had one feature that was non-existent in the Vermont program that the author believed should be considered when deciding on the age groups to be included in the Massachusetts property tax relief program. Michigan had two percentages of income schedules - one for the elderly and one for the non-elderly. This was a good feature because the author found no logical reasons for excluding the non-elderly. Also, non-elderly families may have more family responsibilities than the elderly who have no family to support.

The information gathered by the author in the ACIR publication, in reading circuit-breaker legislation, and from conversations the author had with Dr. Callahan, were the primary sources used in making a decision on the age, income, and occupancy status of Massachusetts citizens that would be included in the MTA circuit-breaker bill.

In November of 1976 the author made a decision to include all homeowners and renters, regardless of age, whose family income did not exceed $15,000.

The next task the author had to perform was to prepare tax credit tables for the income and age groups to be included in the MTA circuit-breaker bill.

TABLE 10

STATES PROVIDING CIRCUIT-BREAKER PROPERTY TAX RELIEF FOR PERSONS AGE 62 OR OLDER

State	Description of Beneficiaries
Arizona	Homeowners and renters age 65 and over
Arkansas	Homeowners age 65 and over
California	Homeowners age 62 and over
Connecticut	Homeowners and renters age 65 and over
Idaho	Homeowners age 65 and over
Indiana	Homeowners and renters age 65 and over
Maine	Homeowners and renters age 62 and over
Missouri	Homeowners and renters age 65 and over
Nevada	Homeowners and renters age 62 and over
Ohio	Homeowners and renters age 65 and over
West Virginia	Homeowners and renters age 65 and over

SOURCE: Advisory Commission on Intergovernmental Relations staff compilation from questionnaire responses and Commerce Clearing House data, 1974.

Development of Tax Credit Tables for Selected Income Classes and Age Groups

Data collected from the Advisory Commission on Intergovernmental Relations (ACIR) and the United States Bureau of the Census was used by the author in preparing four tables. These tables presented the fiscal impact of the proposed circuit-breaker legislation for two family classes.

Table 11 shows the fiscal impact of the MTA legislation for heads of families within specific income classes who were under 65 years of age. The cost of relief for these persons was estimated to be $93.8 million. The number of eligible heads of families under 65 years of age who would be beneficiaries totaled 864,524.

Table 12 shows the fiscal impact for heads of families, within specific income classes, who were over age 65. The estimated cost of relief for these persons was $49.5 million and the number of eligible heads of families over age 65 totaled 176,335.

Both tables would be used in the presentation of the draft proposal before the MTA Legislative Committee. These tables would not appear in the circuit-breaker bill since they are only informational tables and not required in the bill.

Tables 13 and 14 were to be included in the circuit-breaker bill because of the legal mandate that requires income ranges, percentages to be applied, and identification of the persons eligible for t- elief to appear in property tax relief bills. The income ranges that appe . in the tables were determined by the author after a careful review of the ACIR sample circuit-breaker legislation. The author reduced each of the ACIR income ranges by at least $1,000. The author believed that if the household income ranges were too large the bill would have

no chance of passing. The cost would have exceeded $200 million. The percentage to be applied to the income ranges in Tables 13 and 14 are the same as recommended by the ACIR for their income ranges. [1]

[1]Advisory Commission on Intergovernmental Relations, Property Tax Circuit-Breakers: Current Status and Policy Issues, (Washington D.C.: Government Printing Office, 1975), p. 32.

TABLE 11

FISCAL IMPACT OF MASSACHUSETTS CIRCUIT-BREAKER, 1977

FAMILIES WITH HEADS UNDER AGE 65

Family Income Class (1)	# of Families With Heads UNDER Age 65 (2)	Mean Income of Class (3)	Residential Property Taxes as % of Income		Cost of Relief (Millions) (6)
			Before Circuit-Breaker (4)	After Circuit-Breaker (5)	
Under $ 2,000	32,246	$ 1,000	39.1%	5.5%	$ 10.8
$ 2,000-$ 2,999	22,123	2,500	20.9	5.5	8.5
$ 3,000-$ 3,999	27,983	3,500	17.4	5.5	11.7
$ 4,000-$ 4,999	33,683	4,500	11.6	6.0	8.5
$ 5,000-$ 5,999	46,025	5,500	11.5	6.0	13.9
$ 6,000-$ 6,999	56,822	6,500	8.7	6.0	12.0
$ 7,000-$ 9,999	250,996	8,500	7.6	6.5	23.5
$10,000-$14,999	394,646	12,500	6.6	6.5	4.9

SOURCE: Data derived from the Advisory Commission on Intergovernmental Relations, Financing Schools and Property Tax Relief - A State Responsibility (Washington D.C., 1973), pp. 38-39; U. S. Bureau of the Census, Government Finances in 1969-1970, Table 24; U. S. Bureau of the Census, Characteristics of the Population (Massachusetts) - 1970, Volume 1, Part 23, Table #198.

TABLE 12

FISCAL IMPACT OF MASSACHUSETTS CIRCUIT-BREAKER, 1977

FAMILIES WITH HEADS OVER AGE 65

Family Income Class (1)	# of Families With Heads OVER Age 65 (2)	Mean Income of Class (3)	Residential Property Taxes as % of Income		Cost of Relief (Millions) (6)
			Before Circuit-Breaker (4)	After Circuit-Breaker (5)	
Under $ 2,000	14,297	$ 1,000	36.0%	4.0%	$ 4.6
$ 2,000-$ 2,999	20,668	2,500	18.1	4.0	7.3
$ 3,000-$ 3,999	19,517	3,500	14.9	4.5	7.1
$ 4,000-$ 4,999	19,487	4,500	13.3	4.5	7.7
$ 5,000-$ 5,999	16,893	5,500	12.1	5.0	6.6
$ 6,000-$ 6,999	14,657	6,500	9.7	5.5	4.0
$ 7,000-$ 9,999	35,579	8,500	8.7	5.5	9.7
$10,000-$14,999	35,237	12,500	6.8	6.0	3.5

SOURCE: Data derived from the Advisory Commission on Intergovernmental Relations, Financing Schools and Property Tax Relief - A State Responsibility (Washington D.C., 1973), pp. 38-39; U. S. Bureau of the Census, Government Finances in 1969-1970, Table 24; U. S. Bureau of the Census, Characteristics of the Population (Massachusetts) - 1970, Volume 1, Part 23, Table #198.

TABLE 13

INCOME LIMITATIONS FOR HOMEOWNERS AND RENTERS AGE 64 AND OVER

Household Income	Percentage
Not over $3,000	4.0%
Over $3,000, not over $5,000	4.5
Over $5,000, not over $6,000	5.0
Over $6,000, not over $10,000	5.5
Over $10,000, not over $15,000	6.0

TABLE 14

INCOME LIMITATIONS FOR HOMEOWNERS AND RENTERS UNDER 65 YEARS OF AGE

Household Income	Percentage
Not over $4,000	5.5%
Over $4,000, not over $7,000	6.0
Over $7,000, not over $15,000	6.5

Advice From Other Organizations

On September 2, 1976 the author met with the Director of Governmental Services and the Associate Executive Director for Government and Community Affairs to discuss the best way to seek input from other organizations. All agreed to by-pass those organizations the MTA used as a "sounding board" on major issues and proceed drafting a circuit-breaker bill for review by the MTA Legislative Committee. There were two reasons for not seeking input from other organizations. First, most of the people in the organizations that frequently discuss educational matters with the MTA were not knowledgeable in the area of circuit-breaker concepts, and secondly, while the circuit-breaker legislation was needed, the author and his two colleagues believe that no other educational organization would lobby for a general tax relief program that would cost the state an additional $145 million. The prime concern of those organizations, as well as the MTA, was school finance legislation.

On September 10, 1976 a member of the House of Representatives who knew the MTA was studying circuit-breaker concepts, sent the author a memorandum addressed to Governor Dukakis. [1] The memo, dated March 10, 1975 reported on the development of circuit-breaker proposals by a special task force. The author, as well as the general public, was unaware of a task force created by the Governor to develop circuit-breaker proposals. Although no legislation was ever proposed by the task force, the strategy the author had followed in studying circuit-breaker legislation for the MTA was quite similar to the strategy the task force would have used if proposals had been submitted for consideration.

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[1] Appendix E, p. 97.

If the MTA were to be criticized at a later data, reference to this memorandum would help to justify the MTA's decision to by-pass advice from other organizations.

Writing a Draft of the Proposed MTA Circuit-Breaker Bill

The only task left for the author before writing a draft of the circuit-breaker bill was to set a limit on the amount of tax relief each head of household could receive.

In estimating the cost of the MTA circuit-breaker a limit of $500 per head of household had been used. This seemed to be a reasonable figure because of the total cost of the bill that was estimated to be $144.3 million and because of the limited state funds available for all local aid programs. Therefore, the $500 limit was to be used in drafting the bill.

All the data needed to write a bill had been collected and analyzed. The bill was drafted by the author using the Advisory Commission on Intergovernmental Relations' model as a guide. [1] During the writing of the bill, several meetings with MTA Governmental Services staff were held to discuss the language of the bill.

Prior to the final typing of the draft, the author telephoned Dr. Callahan to be sure all sections of the bill were complete. Dr. Callahan suggested that the author make some minor language changes and to proceed with the typing of the bill.

The bill was completed on October 14, 1976.

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[1] Advisory Commission on Intergovernmental Relations, Property Tax Circuit-Breakers: Current Status and Policy Issues (Washington: Government Printing Office, 1975), pp. 28-33.

Circuit-Breaker Bill Presented to MTA Legislative Committee for Approval

On November 23, 1976 the author, the Director of Governmental Services, and the Associate Executive Director for Government and Community Affairs presented the proposed MTA circuit-breaker bill to the MTA Legislative Committee. After the author reviewed each section of the bill with the Committee, the Committee voted unanimously to have the bill filed.

The Committee also assured the author that the Board of Directors would vote to support the bill at their January meeting.

Since the bill had to be filed no later than 5:15 p.m. on December 1, 1976, it was now the responsibility of the Director of Governmental Services and the Associate Executive Director for Government and Community Affairs to identify key legislators to file the bill.

Legislators Requested to File the MTA Circuit-Breaker Bill

On November 28, 1976 the author and the MTA Director of Governmental Services met with Senators Joseph F. Timilty, a member of the Joint Committee on Education and Chairperson of Urban Affairs, and Allan R. McKinnon, Second Assistant Majority Floor Leader and Vice-Chairperson of the Taxation Committee, to discuss the MTA circuit-breaker bill. Both Senators were receptive to the MTA proposal but were not very optimistic about passage of the bill in the 1977 legislative year. They informed us that all senators understood the burden on those taxpayers eligible for participation in the MTA's tax relief program but would most likely vote for more aid to cities and towns if state funds were available.

Senators Timilty and McKinnon agreed to file the bill on behalf of the MTA but suggested that the MTA staff meet with other legislators in the House of Representatives and have them file the bill with the two Senators as a joint petition. If this were done the MTA bill would have support in both the House and the Senate.

The author and Director of Governmental Services went to the House Chairperson of the Committee on Taxation, Vincent J. Piro, and spoke to him about the MTA proposal. Representative Piro told us that the representatives and, in particular, his Committee on Taxation had as their top priority more aid to cities and towns. He was well aware of the financial burden of those who would bene[illegible] from circuit-breaker legislation but because of the lack of state funds the[illegible] was almost no hope of having both general property tax relief legislation and circuit-breaker legislation enacted during the 1977 Legislative Session. However, Representative Piro agreed to join Senators Timilty and McKinnon in filing a joint petition.

In order to balance the petition - two Senators and two Representatives - the Director of Governmental Services and the author met with Representative John A. Businger, a member of the Urban Affairs Committee. Mr. Businger was informed about the meetings with the other legislators and what the MTA proposal would mean to those who would benefit by passage of the bill. Representative Businger agreed to be a joint petitioner.

Filing the MTA Circuit-Breaker Bill

On December 1, 1976 the MTA circuit-breaker bill was jointly filed with the Massachusetts Senate by Senators Joseph F. Timilty and Allan R. McKinnon and Representatives Vincent J. Piro and John A. Businger on behalf of the Massachusetts Teachers' Association.

The bill was given Senate Number 1247 and assigned to the Committee on Taxation. [1]

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[1] Appendix F, p. 99.

EVALUATION

Goal One of the practicum, the writing and filing of a bill to revise the method of distributing school aid in Massachusetts, was successfully achieved on December 1, 1976. [1]

The practicum design for achieving this goal included a series of sub-tasks that were identified as objectives within Goal One. [2] Each of these sub-tasks were critical to the writing and filing of the school aid bill.

For purposes of evaluation, the author assessed the effectiveness of each procedure to achieve the stated objectives.

> Objective One: To identify and study legislation in school finance reform states such as Michigan, Florida, New Mexico, Utah, and Connecticut.

The purpose of this objective was to study the legislation of those states that had revised their school aid formulae after the Serrano decision of 1971 and to identify concepts that might be included in the MTA school finance bill.

After one month of study the author identified three concepts that were included in the MTA bill. [3]

Two factors contributed to the successful achievement of this objective. First, the author had the assistance of Dr. John Callahan, a nationally-known school finance expert, and second, the legislation of school finance reform

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[1] See p. 42.

[2] See p. 11.

[3] See pp. 14-20 and Appendix D, p. 86.

states was readily available. [1] These two factors resulted in a 50 percent reduction of the time originally allotted for completion of this objective.

> Objective Two: To study the current Massachusetts school aid formula (Chapter 70) with emphasis on the disparities that currently exist.

This objective was achieved in June 1976. The author presented a brief history of the current school finance system illustrating the limitations in the law that contributed to the disequalizing effect of the Massachusetts school finance system. [2]

The completion of this objective supports the need to change the current method of distributing school aid in Massachusetts.

> Objective Three: To develop a new state aid formula that would be constitutionally sound.

The objective was achieved by July 1976. The formula was included as the critical element in the MTA bill that was subsequently filed. [3] All data needed to develop the computerized general aid formula had been identified in Objectives One and Two. The objective was easily achieved since all that was necessary was to be sure the Systems Analyst understood the "new" aid formula parameters.

The formula, containing each of the concepts identified by the author in his study of school finance reform states, was included in the MTA school finance bill that was filed on December 1, 1976.

> Objective Four: To simulate varying amounts of state dollars available to fund a new school aid formula.

The testing of the new aid formula was easily accomplished. The Systems

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[1] See pp. 13-14.

[2] See pp. 21-26.

[3] See Appendix D, p. 86.

Analyst had built into the school finance program the matrix of weights provided hime by the author. [1] As long as no additional weights were required the program was satisfactory as written.

Each of the eight programs identified in Table 3 on page 31 were included in the MTA school aid bill. The specific weights that were included in the bill are found in Appendix D, p. 86.

> Objective Five: To develop a pro-ration mechanism in order to compensate for insufficient state dollars to fully-fund school district entitlements.

The review of the school aid schemes did not reveal a pro-ration mechanism that could be modified for inclusion in the MTA school finance bill.

The pro-ration mechanism that was included in the MTA bill was one that was developed in cooperation with Massachusetts Department of Education personnel. Without this cooperation the author would have had to spend an inordinate amount of time and money to develop a pro-ration mechanism. Further, the Massachusetts Department of Education had a special computer program available that was more flexible than the one written by the MTA Systems Analyst. The special program (Statistical Program for the Social Services) was used to test the MTA school aid formula that included a pro-ration mechanism.

Table 4 on page 33 shows that the pro-ration mechanism developed by the author and Department of Education personnel would distribute aid more equitably if the state did not fully-fund the state aid formula.

> Objective Six: To seek advice from other organizations and modify original concepts, if needed, based on the input from those organizations.

The purpose of this objective was to seek the advice from groups and

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[1] See Table 3, p. 31.

[2] See Appendix B, p. 78.

individuals not associated with the MTA. Twenty-two meetings were held during September, October, and November of 1976.[1] As a result of those meetings, 11 weights were included in the MTA school aid bill.[2]

This objective was successfully met since each of the groups and individuals having input agreed to support the MTA bill.

Objective Seven: To write a draft of the new state aid bill.

On November 22 the MTA school finance bill was ready for typing. The writing of the bill was not difficult since the author and other MTA personnel had had experience in writing legislation.

The concepts and suggestions that had been discussed during the last five months were now incorporated in the draft MTA school aid bill.

Objective Eight: To seek approval from the MTA Board of Directors and/or MTA Legislative Committee to file the school aid bill.

This objective was successfully met on November 23, 1976 when the MTA Legislative Committee unanimously voted to file the school aid bill as drafted by the author.[3]

Objective Nine: To discuss the school aid bill with the legislative leadership (Senators and Representatives) and ask that they file the bill on behalf of the MTA.

This objective was successfully achieved on November 29, 1976 when the House and Senate Chairmen of the Special Commission for Unequal Educational Opportunity agreed to jointly file the MTA school finance bill.

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[1]See Appendix B, p. 78.

[2]See Appendix D, p. 86.

[3]See p. 41.

Objective Ten: To file the bill.

This objective was achieved on December 1, 1976 when the House and Senate Chairmen of the Special Commission on Unequal Educational Opportunity jointly filed the MTA school finance bill. [1]

The bill, to be known as Senate 185, was assigned to the House and Senate Committee on Education.

Goal Two of the practicum, the writing and filing of a bill to provide property tax relief to selected income groups, was successfully achieved on December 1, 1976. [2]

In achieving this goal the author was required to perform eight sub-tasks that were identified as objectives within Goal Two. [3]

The effectiveness of each procedure to meet the stated objectives were evaluated by the author.

Objective One: To study the legislation of states that currently have a circuit-breaker.

Four features identified in the study of circuit-breaker legislation were included in the MTA circuit-breaker bill. [4] Because the author was unfamiliar with circuit-breaker legislation, the guidance provided by Dr. John Callahan, Director of the National Conference of State Legislators, enabled the author to complete the study of circuit-breaker legislation by June 30, 1976. This objective was easily achieved within the one month allotted by the author to study circuit-breaker legislation.

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[1] See Appendix D, p. 86.

[2] See p. 61.

[3] See p. 12.

[4] See p. 46, and Appendix F, p. 99.

Objective Two: To identify groups in Massachusetts who would be eligible for property tax relief.

This objective was achieved by July 31, 1976. Once again the author relied on Dr. John Callahan's knowledge of circuit-breaker legislation.

The author followed Dr. Callahan's recommendation that the MTA circuit-breaker bill include the groups identified in the Michigan Circuit-breaker. Those groups were included in the MTA circuit-breaker bill that was filed on December 1, 1976. [1]

Objective Three: To develop a tax credit table for selected income classes and age groups.

This objective was easily achieved by August 31, 1976. The age groups, income ranges, and percentages had been determined in Objective Two. Tables 13 and 14 on page 54 were included in the MTA circuit-breaker bill filed on December 1, 1976.

Objective Four: To seek input from other organizations.

The purpose of this objective was to seek input from organizations that the MTA has used as a "sounding board" on major issues. On September 2, 1976 a decision was made by the author and other MTA staff to bypass these organizations. The reasons the author did not follow the intent of this objective are cited on page 55 of the report. While it is desireable to seek the input of others there is no reason to believe that the MTA circuit-breaker bill would have changed even if these organizations had reviewed the bill. The author believes that Dr. Callahan's assistance in the preparation of the MTA bill resulted in a circuit-breaker bill that would be difficult to improve upon.

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[1] See Appendix F, p. 99.

Objective Five: To write a draft of the proposed circuit-breaker bill.

This objective was successfully met on October 14, 1976. Writing the draft legislation was not difficult because all data needed for the bill had been collected. Further, the author frequently referred to the Advisory Commission on Intergovernmental Relations' model of circuit-breaker legislation. [1]

Objective Six: To seek approval from the MTA Board of Directors and/or MTA Legislative Committee to file the circuit-breaker bill.

This objective was successfully achieved on November 23, 1976 when the MTA Legislative Committee unanimously voted to file the circuit-breaker bill as drafted by the author. [2]

Objective Seven: To discuss the circuit-breaker bill with the legislative leadership (Senators and Representatives) and ask that they file the bill on behalf of the MTA.

This objective was met on November 28, 1976. After the author and the Director of Governmental Services reviewed the MTA bill with four legislators, the legislators agreed to file the MTA circuit-breaker bill on behalf of the MTA. [3]

Objective Eight: To file the bill.

Objective Eight was achieved on December 1, 1976 when the MTA circuit-breaker bill, later to be known as Senate 1247, was filed with the Massachusetts Legislature and assigned to the Committee on Taxation. [4]

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[1] See p. 57.

[2] See p. 58.

[3] See p. 59.

[4] See Appendix F., p. 99.

DISSEMINATION OF THE MASSACHUSETTS EXPERIENCE

The MTA is the only state education association to conduct a study of school finance and property tax relief that has resulted in the filing of legislation. The goals, objectives and procedures of this practicum effort were sent to each state education association affiliated with the National Education Association. Accompanying this mailing was a letter requesting:

1. A critique of the two MTA bills
2. Any information relative to their experiences with similar legislation
3. Any experiences their organization has had in supporting school finance reform and property tax relief bills.

Copies of the bills were sent to the National Conference of State Legislators, the Education Commission of the States, the Lawyers' Committee for Civil Rights Under the Law, the Massachusetts Department of Education, the Massachusetts Educational Conference Board, the Massachusetts Association of School Committees, the Massachusetts Association of School Superintendents, and the six MTA regional service centers.

Plans have been made to disseminate the two MTA bills, accompanied by an explanation of the two bills, to all school districts, MTA local association leaders, legislators, and organizations with an interest in school finance and property tax relief legislation. These plans are described in Part II of the practicum.

At the December 1976 annual meeting of the State Education Research Staff

Association (SERSA), an affiliate of the NEA, comprised of research staff personnel in the 50 states, the author reviewed the MTA's school finance and property tax relief legislation. Following the review, the author was permitted by the membership to establish a committee of SERSA members for the purpose of assisting those states willing to assume a leadership role in school finance and property tax reform.

CONCLUSION

Enactment of the MTA school finance bill would change the current funding system in very significant ways. No longer would support of schools be dependent on community wealth. The new formula would provide additional money for low-wealth communities, thereby reducing the reliance on the property tax to support schools.

The bill was designed to meet the educational needs of students in low-wealth school districts, thereby reducing the reliance on the school tax rate to meet the needs of the students in those districts.

The author believes that the MTA school finance bill would be able to withstand a constitutional test because the bill contains a more equalizing aid formula than the current law. Further, the bill would require the state to provide additional funds each year until the state's share was 50 percent of the average state cost per pupil. This means that the burden of the property tax to support education would be lessened and tax rates in many communities would be reduced or stabilized.

The MTA school finance bill contains concepts never before considered in any Massachusetts school finance reform proposals. For example, the weighting unit concept would eliminate the need for categorically aided programs (special education, bilingual, vocational). No longer will general aid (Chapter 70) have to complete with these programs for funds. More importantly, the three categorically aided programs will be weighted so that distribution of funds are more equalized.

Massachusetts currently has no circuit-breaker legislation. The MTA

circuit-breaker bill would provide needed property tax relief for selected income classes of citizens.

The wealth distribution in Massachusetts is such that a serious problem of tax equity currently exists. The MTA circuit-breaker bill would, in the author's opinion, result in more tax equity by providing property tax relief to low-income homeowners living in high-income and high-property tax school districts. The MTA bill, modeled after the Michigan circuit-breaker legislation, would also provide tax relief to renters who meet the criteria established in the MTA bill.

The filing of the two MTA bills with the Massachusetts Legislature was only the first of several steps required to correct the fiscal inequities of school finance and to reduce the property tax burden for selected income classes. The legislative process is long and frustrating. Enactment of the two MTA bills, either in total or in part, will depend on how well the MTA orchestrates its lobbying efforts. The author's task in the months to follow will be to ensure that all educators, legislators, organizations, and lay people understand the impact the two MTA bills will have on each school district in Massachusetts. Press releases, articles in the MTA house organs, speech writing, and addressing educational and civic groups are but a few of the tasks the author will have to undertake so that the MTA bills will have a greater chance of enactment.

Reform of the current school finance system would provide an equal educational opportunity for approximately 1,200,000 pupils in Massachusetts. Adoption of the MTA circuit-breaker bill would provide additional property tax relief for an estimated 1,000,000 Massachusetts taxpayers.

Part II of the practicum describes those activities which eventually led to the enactment of a new Massachusetts school aid bill. The new school aid bill provides increased aid to all Massachusetts school districts. In addition, the author believes that the new bill meets the constitutional test of Serrano by providing a thorough and efficient educational program for all Massachusetts students.

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FUNDING MECHANISM OF THE CURRENT SCHOOL AID LAWS

Special Education (Chapter 71B, Section 13)

A school district will be reimbursed for expenditures that exceed the average per pupil expenditure of the district provided it does not exceed 110 percent of the state average expenditure per public school student.

Bilingual Education (Chapter 71A, Section 8)

A school district will be reimbursed for expenditures that exceed the average per pupil expenditure of the district. The amount of money to be reimbursed to all school districts is limited to a total of $4 million.

"Regular Education" (Chapter 70)

The reimbursable expenditures of a school district times the school aid percentage of the school district will determine the amount of aid to which a school district shall be entitled.

Reimbursable expenditure is defined as the total amount expended for public schools excluding transportation, food service programs, vocational education, and capital outlays, minus receipts from the federal and state governments, except Chapter 70. The minimum reimbursement shall be 15 percent and the maximum reimbursement shall be 75 percent.

The school aid percentage shall be determined as follows:

1.00 - (.65 X (valuation percentage))

The valuation percentage shall be determined as follows:

The results of dividing the 100 percent fair market value of all property

in a community by the total number of local public and private school students (equalized value per school attending child - local), shall be divided by the sum of the 100 percent fair market value of all property in Massachusetts divided by the number of Massachusetts public and private school students (equalized valuation per school attending child - state).

Vocational Education (Chapter 74, Section 9)

Reimbursement shall be based on one-half of the net maintenance sum.

Net maintenance sum is: the total maintenance sum re-used by taxation and expended for maintaining local or district independent schools other than departments in high schools, minus tuition claims and receipts from labor of students and sale of products.

SCHOOL FINANCE MEETING DATES

SEPTEMBER 1976 TO DECEMBER 1976

Date	Group or Individuals	Topic Discussed
1 September	Rosamond Crane, Special Commission for Unequal Educational Opportunity	Review of weightings, proration mechanism
15 September	Special Commission	Discussion of weighting concept
15 September	MTA Associate Executive Director	Review of Special Commission Meeting
16 September	Boston Chamber of Commerce	Luncheon speaker - MTA school aid and circuit-breaker bills
25 September	Plymouth County Teachers' Convention	Speech on MTA school finance bill
20 September (Washington D.C.)	John J. Callahan, National Conference of State Legislators	Discussion of MTA proposals - school aid and circuit-breaker
27 September	Bruce Perlstein, Massachusetts Department of Education	MTA's proposal - vocational education weight - Department 1.5, MTA 2.0
28 September	Rosamond Crane, Special Commission for Unequal Educational Opportunity	Review of discussion with Perlstein. MTA will propose 2.0 weight for vocational education plus additional special education weight
7 October	Executive Director of Special Commission	Progress of MTA bill
12 October	Special Commission for Unequal Educational Opportunity	Review of MTA and Department of Education proposals
12 October (evening)	Special Commission for Unequal Educational Opportunity - MECB	Review of MTA and Department of Education proposals

Date	Group or Individuals	Topic Discussed
14 October	Massachusetts Educational Conference Board (MECB)	MTA school finance formula
16 October	MTA Legislative Committee	Draft bill presented by Zollo; Special Commission position on school aid - Sullivan
19 October	Special Commission	Hearings announced
25 October	Special Commission hearing	Format of Special Commission hearings discussed
29 October	Massachusetts League of Cities and Towns	A review of MTA proposal. League agrees not to testify against education bill: will lobby for their own municipal finance bill
31 October	MTA Legislative Committee	Update of activities
31 October	MTA Associate Executive Director	Review of meeting with Legislative Committee
2 November	J. Harper, National Education Association (NEA)	Discussion of MTA Legislative strategy regarding school aid
10 November	Massachusetts Educational Conference Board (MECB)	MECB does not like per capita measure. Wants to retain school attending child. Will not support MTA or Department of Education bills
23 November	MTA Legislative Committee	MTA Legislative Committee endorses draft - will make MTA bill part of their legislative program. Will recommend Board of Directors endorse bill.
29 November	Senator Boverini and Representative Collins	Agree to jointly file MTA school finance bill.

School System	FY 1977 State Aid	MTA Aid Formula	% Increase Over FY 1977
1. [illegible]	[illegible]	1310843.	24.5
2. ACTON	881009.	881009.*	0
3. ACUSHNET	775561.	775561.*	0
4. [illegible]	0	0	0
5. [illegible]	1441141.	1975115.	37.1
6. ALFORD	0	0	0
7. AMESBURY	1180456.	2102315.	78.1
8. AMHERST	492289.	878618.	78.5
9. ANDOVER	2000564.	2000564.*	0
10. ARLINGTON	2869234.	3888605.	35.5
11. ASHBURNHAM	235222.	235222.*	0
12. ASHBY	0	3151.	0
13. ASHFIELD	41029.	41029.*	0
14. ASHLAND	624274.	669203.	7.2
15. ATHOL	552924.	908701.	64.3
16. ATTLEBORO	4116465.	4129506.	.3
17. AUBURN	1079196.	1860675.	72.4
18. AVON	445917.	445917.*	0
19. AYER	1065953.	2146040.	101.3
20. BARNSTABLE	1352483.	1352483.*	0
21. BARRE	264749.	350722.	32.5
22. BECKET	0	0	0
23. BEDFORD	1470964.	1470964.*	0
24. BELCHERTOWN	623130.	623130.*	0
25. BELLINGHAM	2003099.	2791052.	39.4
26. BELMONT	1041099.	1041099.*	0
27. BERKLEY	259851.	259851.*	0
28. BERLIN	189814.	189814.*	0
29. BERNARDSTON	94518.	124446.	31.7
30. BEVERLY	2318644.	3529128.	52.2
31. BILLERICA	4264456.	4429746.	3.9
32. BLACKSTONE	439338.	684940.	55.9
33. BLANDFORD	0	0	0
34. BOLTON	92828.	92828.*	0
35. BOSTON	58436590.	93425127.	59.9
36. BOURNE	411159.	411159.*	0
37. BOXBOROUGH	71329.	71329.*	0
38. BOXFORD	260826.	260826.*	0
39. BOYLSTON	162373.	162373.*	0
40. BRAINTREE	2605090.	2605090.*	0
41. BREWSTER	126938.	126938.*	0
42. BRIDGEWATER	1092040.	1144207.	4.8
43. BRIMFIELD	109640.	160277.	46.9
44. BROCKTON	9759685.	16260296.	66.6
45. BROOKFIELD	121370.	184418.	51.9
46. BROOKLINE	1297557.	1913896.	47.5
47. BUCKLAND	0	0	0
48. BURLINGTON	2270129.	2270129.*	0
49. CAMBRIDGE	3562596.	7445131.	109.0
50. CANTON	972765.	972765.*	0
51. CARLISLE	145468.	145468.*	0
52. CARVER	224469.	224469.*	0
53. CHARLEMONT	0	0	0
54. CHARLTON	0	0	0
55. CHATHAM	234629.	234629.*	0
56. CHELMSFORD	3762522.	3762522.*	0
57. CHELSEA	2932698.	4152372.	41.6
58. CHESHIRE	0	5783.	0
59. CHESTER	0	0	0
60. CHESTERFIELD	25327.	25327.*	0
61. CHICOPEE	4012010.	8547377.	113.0
62. CHILMARK	4179.	4179.*	0
63. CLARKSBURG	203576.	247582.	21.6
64. CLINTON	815700.	1802403.	121.0
65. COHASSET	589247.	589247.*	0
66. COLRAIN	0	0	0
67. CONCORD	783072.	783072.*	0
68. CONWAY	22840.	22840.*	0
69. CUMMINGTON	0	2197.	0
70. DALTON	0	3354.	0
71. DANVERS	1353929.	1353929.*	0
72. DARTMOUTH	940341.	940341.*	0
73. DEDHAM	1219991.	1398956.	14.7
74. DEERFIELD	110561.	110561.*	0
75. DENNIS	368416.	368416.*	0
76. DIGHTON	334308.	334308.*	0
77. DOUGLAS	256021.	360246.	40.9
78. DOVER	167651.	167651.*	0
79. DRACUT	2305800.	3396823.	47.3
80. DUDLEY	0	0	0
81. DUNSTABLE	64253.	64253.*	0
82. DUXBURY	903148.	903148.*	0
83. EAST BRIDGEWATER	1241388.	1241388.*	0
84. EAST BROOKFIELD	141550.	198124.	40.0
85. EASTHAM	102179.	102179.*	0

School System	FY 1977 State Aid	MTA Aid Formula	% Increase Over FY 1977
86. EASTHAMPTON	965574.	1627410.	68.5
87. EAST LONGMEADOW	753901.	767602.	1.8
88. EASTON	1651059.	1651059. *	0
89. EDGARTOWN	60405.	60405. *	0
90. EGREMONT	0	0 *	0
91. ERVING	64040.	64040. *	0
92. ESSEX	100681.	100681. *	0
93. EVERETT	2494557.	2494557. *	0
94. FAIRHAVEN	1590581.	2081565.	30.9
95. FALL RIVER	7713767.	15561669.	101.7
96. FALMOUTH	1019811.	1019811. *	0
97. FITCHBURG	3300091.	5417468.	63.8
98. FLORIDA	44250.	44250. *	0
99. FOXBOROUGH	1463046.	1463046. *	0
100. FRAMINGHAM	3615766.	3615766. *	0
101. FRANKLIN	2530204.	2839845.	12.2
102. FREETOWN	221486.	221486. *	0
103. GARDNER	1176131.	2516115.	113.9
104. GAY HEAD	1435.	1435. *	0
105. GEORGETOWN	675745.	682136.	.9
106. GILL	35321.	35321. *	0
107. GLOUCESTER	1653500.	2696515.	63.1
108. GOSHEN	14874.	14874. *	0
109. GOSNOLD	1696.	1696. *	0
110. GRAFTON	1018404.	1307437.	28.4
111. GRANBY	705454.	895093.	27.0
112. GRANVILLE	41163.	41163. *	0
113. GREAT BARRINGTON	0	0	0
114. GREENFIELD	1093024.	2227132.	103.8
115. GROTON	519473.	519473. *	0
116. GROVELAND	383663.	383663. *	0
117. HADLEY	177634.	177634. *	0
118. HALIFAX	248963.	323216.	29.8
119. HAMILTON	246212.	246212. *	0
120. HAMPDEN	363798.	401445.	10.3
121. HANCOCK	30847.	30847. *	0
122. HANOVER	1467769.	1467769. *	0
123. HANSON	692663.	870209.	25.6
124. HARDWICK	146096.	148444.	1.6
125. HARVARD	236797.	236797. *	0
126. HARWICH	489327.	489327. *	0
127. HATFIELD	123303.	177903.	44.3
128. HAVERHILL	4607573.	5856534.	27.1
129. HAWLEY	0	0	0
130. HEATH	5458.	5458. *	0
131. HINGHAM	1835189.	1835189. *	0
132. HINSDALE	0	905.	0
133. HOLBROOK	1490384.	1569980.	5.3
134. HOLDEN	670515.	670515. *	0
135. HOLLAND	26017.	26017. *	0
136. HOLLISTON	1429535.	1429535. *	0
137. HOLYOKE	3635300.	9602895.	164.2
138. HOPEDALE	496850.	496850. *	0
139. HOPKINTON	545500.	545500. *	0
140. HUBBARDSTON	115978.	115978. *	0
141. HUDSON	1845920.	2439592.	32.2
142. HULL	1634827.	1930999.	18.6
143. HUNTINGTON	0	1899.	0
144. IPSWICH	1011798.	1035989.	2.4
145. KINGSTON	275593.	275593. *	0
146. LAKEVILLE	231787.	231787. *	0
147. LANCASTER	275727.	450555.	63.4
148. LANESBOROUGH	179477.	196181.	9.3
149. LAWRENCE	4636119.	10461762.	125.7
150. LEE	494749.	553756.	11.9
151. LEICESTER	978363.	1312790.	34.2
152. LENOX	264417.	264417. *	0
153. LEOMINSTER	2896791.	4268395.	47.3
154. LEVERETT	41248.	41248. *	0
155. LEXINGTON	2033647.	2033647. *	0
156. LEYDEN	20194.	20194. *	0
157. LINCOLN	271056.	271056. *	0
158. LITTLETON	702191.	702191. *	0
159. LONGMEADOW	1188339.	1188339. *	0
160. LOWELL	7329031.	14222471.	94.1
161. LUDLOW	1546734.	2215799.	43.3
162. LUNENBURG	965409.	1102634.	14.2
163. LYNN	7366647.	14196408.	92.7
164. LYNNFIELD	952722.	952722. *	0
165. MALDEN	3245911.	7834419.	141.4
166. MANCHESTER	257019.	257019. *	0
167. MANSFIELD	1429534.	1429534. *	0
168. MARBLEHEAD	811454.	811454. *	0
169. MARION	86211.	86211. *	0
170. MARLBOROUGH	2537217.	3524548.	38.9
171. MARSHFIELD	2480597.	2480597. *	0
172. MASHPEE	43738.	43738. *	0
173. MATTAPOISETT	135968.	135968. *	0

School System	FY 1977 State Aid	MTA Aid Formula	% Increase Over FY 1977
174. MAYNARD	832142.	888684.	6.8
175. MEDFIELD	1193009.	1193009. *	0
176. MEDFORD	4378401.	6711488.	53.3
177. MEDWAY	1135193.	1135193. *	0
178. MELROSE	2384129.	3717156.	55.9
179. MENDON	0	0	0
180. MERRIMAC	325131.	388520.	19.5
181. METHUEN	2139949.	3619013.	69.1
182. MIDDLEBOROUGH	1479080.	1940253.	31.2
183. MIDDLEFIELD	0	0	0
184. MIDDLETON	282285.	282285. *	0
185. MILFORD	2218744.	3316241.	49.5
186. MILLBURY	1142527.	1939582.	69.8
187. MILLIS	776944.	776944. *	0
188. MILLVILLE	137801.	199790.	45.0
189. MILTON	1083806.	1257760.	16.1
190. MONROE	5593.	5593. *	0
191. MONSON	658102.	829016.	26.0
192. MONTAGUE	339449.	448270.	32.1
193. MONTEREY	0	0 *	0
194. MONTGOMERY	0	0	0
195. MOUNT WASHINGTON	1522.	1522. *	0
196. NAHANT	190635.	190635. *	0
197. NANTUCKET	189447.	189447. *	0
198. NATICK	2356489.	2356489. *	0
199. NEEDHAM	1749208.	1749208. *	0
200. NEW ASHFORD	8274.	8274. *	0
201. NEW BEDFORD	7404541.	14876904.	100.9
202. NEW BRAINTREE	53697.	53697. *	0
203. NEWBURY	259618.	259618. *	0
204. NEWBURYPORT	1328839.	1913184.	44.0
205. NEW MARLBOROUGH	0	0	0
206. NEW SALEM	24393.	24393. *	0
207. NEWTON	3447622.	5287113.	44.9
208. NORFOLK	315401.	327914.	4.0
209. NORTH ADAMS	1581334.	3297649.	108.5
210. NORTHAMPTON	1629477.	2817451.	72.9
211. NORTH ANDOVER	888546.	888546. *	0
212. NORTH ATTLEBORO	1630931.	1784770.	8.9
213. NORTHBOROUGH	981457.	981457. *	0
214. NORTHBRIDGE	1084696.	1850481.	70.6
215. NORTH BROOKFIELD	550720.	784798.	42.5
216. NORTHFIELD	61771.	61771. *	0
217. NORTH READING	1387461.	1387461. *	0
218. NORTON	1447370.	1447370. *	0
219. NORWELL	870117.	870117. *	0
220. NORWOOD	3159070.	3159070. *	0
221. OAK BLUFFS	54918.	54918. *	0
222. OAKHAM	33356.	35382.	6.1
223. ORANGE	414444.	644069.	54.7
224. ORLEANS	94514.	94514. *	0
225. OTIS	25857.	25857. *	0
226. OXFORD	1474035.	2139211.	45.1
227. PALMER	894061.	1108830.	24.0
228. PAXTON	212270.	212270. *	0
229. PEABODY	5521196.	5521196. *	0
230. PELHAM	26828.	26828. *	0
231. PEMBROKE	986907.	1159308.	17.5
232. PEPPERELL	0	3212.	0
233. PERU	0	0 *	0
234. PETERSHAM	39456.	39456. *	0
235. PHILLIPSTON	54020.	80009.	48.1
236. PITTSFIELD	4909360.	6681363.	36.1
237. PLAINFIELD	6206.	6206. *	0
238. PLAINVILLE	289450.	289450. *	0
239. PLYMOUTH	506651.	506651. *	0
240. PLYMPTON	65489.	65489. *	0
241. PRINCETON	141698.	141698. *	0
242. PROVINCETOWN	188493.	188493. *	0
243. QUINCY	5880386.	9492769.	61.4
244. RANDOLPH	3041394.	3927980.	29.2
245. RAYNHAM	796883.	796883. *	0
246. READING	1733990.	2198641.	26.8
247. REHOBOTH	460859.	460859. *	0
248. REVERE	3067495.	5112406.	66.7
249. RICHMOND	68945.	68945. *	0
250. ROCHESTER	136536.	136536. *	0
251. ROCKLAND	2132445.	2631248.	23.4
252. ROCKPORT	223188.	223188. *	0
253. ROWE	26354.	26354. *	0
254. ROWLEY	209608.	209608. *	0
255. ROYALSTON	44527.	44527. *	0
256. RUSSELL	0	0	0
257. RUTLAND	226998.	730202.	221.7
258. SALEM	1952961.	2879753.	47.5
259. SALISBURY	139681.	139681. *	0
260. SANDISFIELD	14542.	14542. *	0
261. SANDWICH	168387.	168387. *	0
262. SAUGUS	1523683.	1523683. *	0

School System	FY 1977 State Aid	MTA Aid Formula	% Increase Over FY 1977
263. SAVOY	12964.	12964. *	0
264. SCITUATE	1934536.	1934536. *	0
265. SEEKONK	747238.	747238. *	0
266. SHARON	1105079.	1105079. *	0
267. SHELFFIELD	0	0 *	0
268. SHELBURNE	0	0	0
269. SHERBORN	173841.	173841. *	0
270. SHIRLEY	348498.	471503.	35.3
271. SHREWSBURY	1552733.	1670032.	7.6
272. SHUTESBURY	29192.	29192. *	0
273. SOMERSET	733645.	733645. *	0
274. SOMERVILLE	6796904.	11249390.	65.5
275. SOUTHAMPTON	158551.	184016.	16.6
276. SOUTHBOROUGH	378462.	378462. *	0
277. SOUTHBRIDGE	1284409.	2296827.	78.5
278. SOUTH HADLEY	1311146.	189019.	44.2
279. SOUTHWICK	620275.	1007619.	62.4
280. SPENCER	763469.	1158770.	51.8
281. SPRINGFIELD	15301420.	29256695.	91.2
282. STERLING	314909.	372590.	18.3
283. STOCKBRIDGE	0	0	0
284. STONEHAM	1485251.	1661805.	11.9
285. STOUGHTON	2253523.	2743619.	21.7
286. STOW	399799.	399799. *	0
287. STURBRIDGE	218858.	218858. *	0
288. SUDBURY	1072087.	1072087. *	0
289. SUNDERLAND	21357.	21357. *	0
290. SUTTON	496356.	496356. *	0
291. SWAMPSCOTT	931807.	931807. *	0
292. SWANSEA	952234.	1487840.	56.2
293. TAUNTON	3534029.	5950285.	68.3
294. TEMPLETON	328948.	524513.	59.5
295. TEWKSBURY	2893680.	2893680. *	0
296. TISBURY	76104.	76104. *	0
297. TOLLAND	3415.	3415. *	0
298. TOPSFIELD	306765.	306765. *	0
299. TOWNSEND	0	2198.	0
300. TRURO	73785.	73785. *	0
301. TYNGSBOROUGH	540836.	556385.	2.9
302. TYRINGHAM	6215.	6215. *	0
303. UPTON	0	0	0
304. UXBRIDGE	643305.	1013434.	57.5
305. WAKEFIELD	1433754.	2681971.	87.1
306. WALES	59911.	81279.	35.7
307. WALPOLE	2017414.	2017414. *	0
308. WALTHAM	3022831.	3587503.	18.7
309. WARE	780682.	1024370.	29.9
310. WAREHAM	687514.	687514. *	0
311. WARREN	216049.	317217.	46.8
312. WARWICK	9669.	9669. *	0
313. WASHINGTON	0	0	0
314. WATERTOWN	1816887.	2844805.	56.6
315. WAYLAND	932369.	932369. *	0
316. WEBSTER	1063441.	1642611.	54.5
317. WELLESLEY	1311049.	1311049. *	0
318. WELLFLEET	92580.	92580. *	0
319. WENDELL	32692.	32692. *	0
320. WENHAM	60142.	60142. *	0
321. WESTBOROUGH	984915.	984915. *	0
322. WEST BOYLSTON	343639.	483689.	40.8
323. WEST BRIDGEWATER	705429.	705429. *	0
324. WEST BROOKFIELD	227271.	227271. *	0
325. WESTFIELD	2732163.	3186526.	16.6
326. WESTFORD	1655241.	1655241. *	0
327. WESTHAMPTON	27713.	27713. *	0
328. WESTMINSTER	198385.	198385. *	0
329. WEST NEWBURY	212766.	212766. *	0
330. WESTON	560235.	560235. *	0
331. WESTPORT	652087.	940286.	44.2
332. WEST SPRINGFIELD	1050145.	1469046.	39.8
333. WEST STOCKBRIDGE	0	0	0
334. WEST TISBURY	16226.	16226. *	0
335. WESTWOOD	888244.	888244. *	0
336. WEYMOUTH	5697666.	7398810.	29.9
337. WHATELY	19471.	19471. *	0
338. WHITMAN	1331661.	1614207.	21.2
339. WILBRAHAM	1020511.	1020511. *	0
340. WILLIAMSBURG	116300.	120897.	3.9
341. WILLIAMSTOWN	177509.	298242.	68.0
342. WILMINGTON	2005640.	2005640. *	0
343. WINCHENDON	900394.	1466155.	62.8
344. WINCHESTER	1308762.	1308762. *	0
345. WINDSOR	0	0 *	0
346. WINTHROP	1629404.	2719765.	66.9
347. WOBURN	2971290.	3609656.	21.5
348. WORCESTER	14391904.	22815424.	58.5
349. WORTHINGTON	0	0	0
350. WRENTHAM	270241.	374865.	38.7
351. YARMOUTH	536301.	536301. *	0

School System	FY 1977 State Aid	MTA Aid Formula	% Increase Over FY 1977
600. ACTON BOXBOROUGH	714090.	714090. *	0
603. ADAMS CHESHIRE	1260744.	1537166.	21.9
605. AMHERST PELHAM	564826.	1007304.	78.4
610. ASHBURNHAM WLSTM	283089.	283089. *	0
615. ATHOL ROYALSTON	583059.	904565.	55.1
618. BERKSHIRE HILLS	500571.	500571. *	0
620. BERLIN BOYLSTON	271575.	271575. *	0
622. BLACKSTONE MILLV	550750.	761925.	38.3
625. BRIDGEWATER RAYN	600031.	603260.	.5
630. BUCKLAND SHELBUR	219422.	219422. *	0
635. CENTRAL BERKSHIR	1119729.	1119729. *	0
640. CONCORD CARLISLE	346262.	346262. *	0
645. DENNIS YARMOUTH	680055.	680055. *	0
650. DIGHTON REHOBOTH	389985.	389985. *	0
655. DOVER SHERBORN	245009.	245009. *	0
658. DUDLEY CHARLTON	1236575.	1984393.	60.5
660. NAUSET	285804.	285804. *	0
665. FREETOWN LAKEVIL	706651.	706651. *	0
670. FRONTIER	142092.	142092. *	0
672. GATEWAY	468607.	492685.	5.1
674. GILL-MONTAGUE	319932.	527469.	64.9
675. HAMILTON WENHAM	362171.	362171. *	0
680. HAMPDEN WILBRAHA	611682.	641773.	4.9
683. HAMPSHIRE	282238.	294708.	4.4
685. HAWLEMONT	55608.	55608. *	0
690. KING PHILLIP	940665.	977021.	4.0
695. LINCOLN SUDBURY	632393.	632393. *	0
700. MARTHAS VINEYARD	233045.	233045. *	0
705. MASCONOMET	822562.	822562. *	0
710. MENDON UPTON	576255.	589207.	2.2
715. MT GREYLOCK	289702.	510324.	76.2
717. MOHAWK	252595.	252595. *	0
720. NARRAGANSETT	443811.	728030.	64.0
725. NASHOBA	267302.	267302. *	0
730. NORTHBORO SOUTHB	414319.	414319. *	0
735. NORTH MIDDLESEX	1659068.	1761058.	6.1
740. OLD ROCHESTER	220189.	220189. *	0
745. PENTUCKET	682122.	780421.	14.4
750. PIONEER VALLEY	170089.	170089. *	0
751. PLYMOUTH CARVER	654301.	654301. *	0
753. QUABBIN	459103.	608025.	32.4
755. RALPH C MAHAR	510081.	510081. *	0
760. SILVER LAKE	1293001.	1337152.	3.4
765. SOUTHERN BERKSHI	344750.	344750. *	0
767. SPENCER E BROOKF	323592.	543022.	67.8
770. TANTASQUA	539123.	539123. *	0
773. TRITON	416221.	416221. *	0
775. WACHUSETT	833631.	833631. *	0
778. QUABOAG	376042.	433678.	15.1
780. WHITMAN HANSON	811700.	1025177.	26.3
801. ASSABET VALLEY	1588454.	1588454. *	0
805. BLACKSTONE	664216.	687001.	3.4
806. BLUE HILLS	1450142.	1450142. *	0
810. BRISTOL-PLYMOUTH	973441.	973441. *	0
821. GREATER FALL RIV	993278.	1003245.	1.0
823. GREATER LAWRENCE	1004918.	2932250.	82.5
830. GREATER LOWELL	2455291.	2455291. *	0
829. SO MIDDLESEX VOC	1746021.	1746021. *	0
830. MINUTEMAN	904271.	904271. *	0
832. MONTACHUSETT	1391396.	1391396. *	0
851. NORTHERN BERKSHI	619494.	658006.	6.2
852. NASHOBA	756963.	756963. *	0
853. NO METROPOLITAN	2019364.	2019364. *	0
854. NORTH SHORE	310048.	310048. *	0
860. PATHFINDER VOC-T	437221.	437221. *	0
871. SHAWSHEEN	1539700.	1539700. *	0
872. SOUTHEASTERN	1340128.	1340128. *	0
873. SOUTH SHORE	454723.	454723. *	0
876. SOUTHERN WORCEST	963791.	1142741.	18.6
879. UPPER CAPE COD	550832.	550832. *	0

Summary Statistics	FY 1977 State Aid	MTA Aid Formula
State-Wide Total Cost	$ 489.5M	$ 686.1M
Projected Increase Over FY 1977 Aid Paid	--	196.6M
Save-Harmless Clause:		
Cost Without Save-Harmless	--	613.1M
Cost of Save-Harmless (= FY 77 Aid Paid - Projected Aid)	--	73.0M
Save-Harmless as % of Total Cost	--	10.6%
Number of LEA's in Save-Harmless (422 = total)	--	228
% of LEA's in Save-Harmless (422 = total)	--	54.0%
Number of FTE Pupils in LEA's in Save-Harmless (1,312,102 = total statewide)	--	419,383
% of FTE Pupils in LEA's in Save-Harmless	--	32.0%

The Commonwealth of Massachusetts

IN THE YEAR ONE THOUSAND NINE HUNDRED AND SEVENTY-Seven

AN ACT to equalize fiscal ability for the support of local public schools.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Declaration of policy. The General Court finds that the policy of the Commonwealth, declared in Section 1 of Chapter 70 of the General Laws, "to promote the equalization of educational opportunity in the public schools of the Commonwealth and the equalization of the burden of the cost of school support to the respective cities and towns," has fallen substantiall short of achievement. Great disparities in wealth among communities permit some with a low tax effort to support a high level of spending for the education of their children while others must make a much greater tax effort to spend substantially less for their educational programs. The General Court believes that a major shift of the burden of local school support from the towns to the Commonwealth will greatly strengthen the ability of towns to offer equal educational opportunity throughout the Commonwealth. The General Court further believes that a system for measuring the wealth of each community to determine its fair share of school support must take into account each community's total claims

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on the tax dollar, since ability to raise money for schools depends largely on a town's other expenses. Such a system must, further, measure fiscal capacity by determining a community's wealth per capita, rather than, as in the present formula, wealth per school attending children. Pursuant to the policy of the Commonwealth to insure equal educational opportunity to every child resident therein, therefore, it is the purpose of this act to revise the formula for distribution of school aid to local communities by (1) increasing the average level of state aid from the present thirthy-five percent to fifty percent in 1982; (2) measuring a town's relative wealth, in part, on the basis of its total population rather than its number of school attending children and, in part, on the basis of the relative tax rate; and (3) raising the state's financial contribution to the schooling of vocational, elementary, bilingual, and disadvantaged children.

Section 2. Section 2 of Chapter 70 of the General Laws is hereby amended by striking out paragraph (a) and inserting in place thereof the following paragraph: -

(a) "Equalized valuation per capita in a city or town', the equalized valuation of all property in a city or town subject to local taxation, as most recently reported by the state tax commission to the General Court under section ten (c) of Chapter fifty-eight, divided by the number of persons who reside in such city or town. In the case of a regional school district, the equalized valuation per person shall be determined in the following manner: first, the equalized valuation per person of each member municipality in the regional school district shall be multipled by the respective municipality's proportion of its enrollment of pupils in the regional school district; and second, the equalized valuations per person in all the member municipalities as so modified shall be added together. For the purposes of this chapter,

the schools maintained by the counties of Bristol, Essex, and Norfolk shall be deemed to be regional school districts; in addition, independent vocational schools under the jurisdiction of a board of local trustees for vocational education shall be assigned the equalized valuation per person of the city or town in which they are located.

"Equalized valuation per capita in the commonwealth', the equalized valuation of all property in the Commonwealth subject to local taxation, as most recently reported by the state tax commission to the General Court under the provisions of section ten (c) of Chapter fifty-eight, divided by the number of persons who reside in the Commonwealth. For the purposes of this chapter the population of a city or town or of the Commonwealth shall be determined by reference to the most recent official state census conducted by the State Secretary.

Section 3. Said section 2 of Chapter 70 of the General Laws is hereby amended by striking out paragraph (c), as most recently amended by Chapter 766 of the Acts of 1972, and inserting in place thereof the following paragraph: -

(c) "Reimbursable Expenditures", the total amount expended by a city or town or regional school district during a fiscal year for the support of public schools during said year exclusive of expenditures for transportation, for food for school service programs, and for capital outlays, after deducting therefrom any receipts for tuition, receipts from the federal government, the proceeds of any invested funds, and grants, gifts and receipts from any other source, to the extent that such receipts are applicable to such expenditures; provided, however, that amount received by a city, town, or regional school district under this chapter as school aid shall not be so deducted. The commissioner of education may, by regulation, further define the expenditures and receipts that may be included hereunder.

Section 4. Said section 2 of Chapter 70 is hereby further amended by striking out paragraph (d), as appearing in section 49 of Chapter 14 of the Acts of 1966, and inserting in place thereof the following paragraph: -

(d) "School aid percentage", for each city, town, or regional school district the amount by which one hundred percent exceeds the product, to the nearest one tenth of one percent, the local support percentage times the valuation percentage, which, except as provided in section 9, shall be the product of sixty-five percent times the valuation percentage in fiscal year 1980 to compute reimbursements for fiscal year 1979 expenses, sixty percent times the valuation percentage applicable in fiscal year 1981, fifty-five percent times the valuation percentage applicable in fiscal year 1982, and fifty percent times the valuation percentage applicable in fiscal year 1982, and fifty percent times the valuation percentage applicable in fiscal year 1983, and each fiscal year thereafter.

Section 5. Said section 2 of Chapter 70 is hereby further amended by striking out paragraphs (e) and (f) as appearing in section 8 of Chapter 925 of the Acts of 1973, and inserting in place thereof the following paragraphs: -

(e) "full-time equivalent pupil", a pupil as hereinafter defined: (1) a full-time equivalent pupil in any one of the programs listed below; or (2) a combination of pupils enrolled in any of the programs listed below. Any pupil who is enrolled in any combination of two or more of the programs set forth in paragraph (f) below shall be weighted in proportion to the ratio which the number of hours in which he is enrolled in each program bears to the total number of hours of education which he is receiving. Any pupil who is enrolled in a program of more than the minimum number of days in a school year, as established by the board, pursuant to section one (g) of Chapter fifteen, shall be counted as one full-time equivalent pupil plus a fraction of a full-time

equivalent equal to the number of days over said minimum, divided by said minimum.

(f) "pupil weight," the cost factor of education programs in the Commonwealth for a full-time equivalent pupil in regular day, special education, vocational education, bilingual education and auziliary service for the disadvantaged.

A full-time equivalent pupil enrolled in the following programs shall be weighted as indicated.

(1) 1.0 for all public school day programs which are not special, vocational, bilingual, or auziliary, and which shall hereinafter be called "regular day programs";

(2) 1.4 for bilingual programs pursuant to Chapter 71A and regulations thereunder;

(3) 2.3 for programs for children with special needs which are regular education programs with modifications or with time out pursuant to Chapter 71B and the regulations thereunder;

(4) 3.0 for programs for children with special needs which are substantially separate from regular education programs pursuant to Chapter 71B and the regulations thereunder;

(5) 3.7 for day programs for children with special needs pursuant to Chapter 71B and the regulations thereunder;

(6) 9.0 for residential programs for children with special needs pursuant to Chapter 71B and the regul-tions thereunder;

(7) 2.0 for specific occupational training programs pursuant to Chapter 74 and the regulations thereunder;

(8) 0.6 for regular day kindergarten programs;

(9) 1.4 for career development programs as defined by regulations

promulgated by the board; and

(10) 1.1 for career awareness programs as defined by regulations promulgated by the board.

A pupil whose family is below the poverty level as defined in Title I of the Federal Elementary and Secondary Education Act of 1965 as amended shall receive an additional 0.5 weight in addition to being counted in the regular day, special, vocational, or bilingual program in which the pupil may be served. Said additional weight shall be for the purpose of computing full-time equivalents for auxiliary services which enable such pupils to benefit fully from programs they are in. Approval criteria for auxiliary services for said pupils shall be established by the board.

(g) "valuation percentage", nine-tenths of the proportion to the nearest tenth of one percent which the equalized valuation per capita of the city or town bears to the equalized valuation per capita for the Commonwealth, plus one-tenth of the proportion to the nearest tenth of one percent the equalized total tax rate for the entire Commonwealth as defined in Chapter fifty-nine in school fiscal year 1979 and each year thereafter.

Section 6. Chapter 70 of the General Laws is hereby amended by striking out section 4 as most recently amended by section 8a of Chapter 925 of the Acts of 1973 and inserting in place thereof the following section: -

Section 4. The school aid to be paid to each city, town, and regional school district in any fiscal year shall be f[illegible] reasonable expenses of the previous fiscal year and shall be the amou[illegible]btained by multiplying the average reimbursable expenditures for al[illegible] weighted pupil units in the Commonwealth for the previous fiscal year by the sum of weighted full-time equivalent pupils in the city, town, or regional school district in such fiscal year and by its school aid percentage for such fiscal year. No city,

town, or regional school district, however, shall receive less aid pursuant to this chapter than they received in total for (1) reimbursable expenditures under section 2 as applied to fiscal year 1978; (2) expenses reimbursed pursuant to section 13 of Chapter seventy-one B for fiscal year 1978; (3) expenses reimbursed pursuant to section 8 of Chapter seventy-one A for fiscal year 1978; and (4) expenses reimbursed pursuant to sections 9, 10, 11, and 12 of Chapter seventy-four for fiscal year 1978, plus an additional six percent of the aid for said year to be added each year until and including school fiscal year 1982.

Section 7. Chapter 70 of the General Laws is hereby further amended by inserting after section 7 the following section: -

Section 8. School aid paid to a city or town pursuant to this chapter shall be deposited with the treasurer of the city, town, or regional school district to be held in a separate account and expended by the school committee for reimbursable expenditures without further appropriation. Any reimbursements made under this section shall be applied to the costs of the programs to which said reimbursements are attributable as a result of weights assigned under section 2; provided, however, that in the event a city, town, or regional school district receives less school aid than it is entitled to under this chapter, it shall apply reimbursements first to pay for educational programs pursuant to Chapters seventy-one A and seventy-one B then, pro rata, to all other program A school committee may, however, for good cause apply to the commissioner for permission to allocate aid reimbursements in a different manner. The commissioner shall approve or disapprove or approve with modifications such application within forty-five days of receipt. In the event that the commissioner fails to act within said forty-five days, a school

committee may proceed to allocate reimbursements in accordance with the terms of its application.

Section 8. Chapter 70 of the General Laws is hereby further amended by inserting after section 8, as above inserted, the following section: -

Section 9. If in any fiscal year, commencing with the fiscal year 1979, there are sufficient funds available for distribution under section eighteen A of Chapter fifty-eight to pay the entitlements for reimbursements of the previous fiscal year's reimbursable expenses as computed under this chapter, the entitlements for every city, town, and regional school district shall be recomputed by modifying the local support percentage, to the nearest tenth of one percent, which percentage shall be the same for every city, town, and regional school district, so that the total entitlements as so recomputed shall be equal, so far as practical, to the amounts actually available for distribution under said section eighteen A, after deducting the amounts required to be paid under the provisions of section six.

Section 9. Chapter 74 of the General Laws is hereby amended by striking out section 9, as appearing in Chapter 791 of the Acts of 1967, and inserting in place thereof the following section: -

Section 9. Expenses incurred by cities, towns, or regional school districts for maintaining approved local or district or regional school district independent schools for distributive occupations, industrial, agricultural, household arts or practical nurse training and for maintaining agricultural departments in high schools shall be reimbursable expenditures within the meaning of section two (c).

Section 10. Chapter 71A is hereby amended by striking out section 8 and inserting in place thereof the following section: -

Section 8. The costs of programs in transitional bilingual education shall be reimbursable expenditures within the meaning of section two (c) of Chapter 70.

Reimbursements attributable to programs in transitional bilingual education shall be made only upon certification by the department that said programs have been carried out in accordance with the requirements of this chapter, the departments' regulations under this chapter, and approved plans submitted earlier by the city, town, or regional school district.

Nothing herein shall be interpreted to authorize cities, towns, or regional school districts to reduce expenditures from local and federal sources, including monies allocated under the Federal Elementary and Secondary Education Act (20 U.S.C., sections 880 (b) et seq.) for transitional bilingual education programs.

Section 11. Chapter 71B is hereby amended by striking out section 13 and inserting in place thereof the following section: -

Section 13. The costs of instruction, training and support, including the cost of special education personnel, materials and equipment, tuition, transportation, rent and consultant services, of the children in special classes, instruction period or other programs provided under section three shall be reimbursable expenditures within the meaning of section two (c) of Chapter 70.

Reimbursements attributable to programs in special education shall be made only upon approval and certification by the department that such expenditures are reasonable and that funds for such special education personnel, materials and equipment, tuition, transportation, rent and consultant services were actually expended and that such special education classes, instruction periods and other programs have met the standards and requirements prescribed by the

department.

The department shall reimburse a city or town in which a child resides who attends a clinical nursery school established under section twenty-seven of Chapter nineteen or a child, who, because of insufficient classroom space in a clinical nursery school, attends a clinical nursery school, day care center or other institution for the care, education or treatment of retarded children conducted by an accredited school or college within the Commonwealth, as provided in said section twenty-seven, or a retarded person who attends an educational habitational or day care program or facility of the department of mental health, as provided under section twenty-eight of said Chapter nineteen, by pahing one half of the cost of the transporation of each such child and the full cost of each such adult to and from such educational, habitational or day care program or facility, as the case may be, on each day said school is in session.

Section 12. Section 18A of Chapter 58 is hereby amended by striking out clauses (1) and (2) of subsection (b) and inserting in place thereof the following clauses: -

(1) On or before November twentieth, all reimbursement for the special education programs under Chapters seventy-one A and sevey-one B requir3d to be paid by the Commonwealth under Chapter seventy; and

(2) From time to time as determined by the commission, the remaining school aid required to be distributed under Chapter seventy upon certification of the comptroller and commission, but not less than approximately seven-five percent thereof on or before the last day of each calendar quarter.

Section 13. Subsection (b) of section 18A of Chapter fifty-eight is hereby amended by striking out the penultimate paragraph and inserting in place thereof the following paragraph: -

(b) If upon any date of distribution the amounts designated in this subsection are insufficient to make the full distributions required by any paragraph of this subsection, the provisions of section nine of Chapter seventy shall be applied in determining actual distributions to the several cities, towns, and regional school districts.

Section 14. On or before the fifteenth day of May, nineteen hundred and eighty-four, and at least every fifth year thereafter, the board of education shall recommend in a report to the House and Senate Committees on Ways and Means together with proposed legislation, if necessary, any changes it deems desirable in order to cause the weights assigned under section two (f) of Chapter seventy of the General Laws to reflect accurately the relative costs of education programs.

Section 15. This act shall become effective on July first, nineteen hundred and seventy-eight.

M E M O R A N D U M

TO: Governor Dukakis and Circuit-Breaker Task Force Members

FROM: William O'Connor and Scudder Smith

SUBJECT: Development of Circuit-Breaker Proposals

DATE: March 10, 1975

- -

Since the meeting on February 27, we have met with Commissioner Metaxas and Deputy Commissioner Breen to discuss what steps should be taken to develop circuit-breaker proposals and cost estimates. This memorandum is intended to outline the major circuit-breaker design questions as we see them, describe a possible approach to estimating the cost of circuit-breaker programs, and outline a proposed timetable for developing proposals and estimating their cost. It is hoped that this memorandum will be used as a basis for discussing the task force's plan of action.

Circuit-Breaker Design Questions

Income - What kinds of income should be included in the income measure, e.g., Social Security payments, welfare receipts? What adjustments if any should be made to income?

Coverage - Should a program cover the total population or just certain groups such as the elderly or those whose income is under some ceiling? Should renters be included as well as property owners?

Type of Formula - What approach should be taken?:

- "Threshold Approach", any tax above a set percentage of income would be eligible for relief.
- "Sliding-scale approach", a set percentage of property tax is rebated with a given income class.
- Combination of the above, or other proposals.

Rebate Limits - Should there be a limit on the size of the rebate? Should the taxpayer be eligible for only a percentage of the rebate? Should the value of other assets be taken into account?

Program Administration - Should a program be tied to the current state tax system (i.e., as a credit) or should it be handled separately (with separate cash refunds)?

Approach for Estimating the Cost of Circuit-Breaker Programs

The basic problem in estimating the cost of circuit-breaker programs appears to be the lack of adequate data relating income to the amount of property taxes paid. Two sources of information have been identified which help with this problem. First, the 1970 census includes information on income, value of property, and rents. From the property data it is possible to estimate property taxes using equalized tax rates. Second, Federal income tax statistics include real estate tax deductions by adjusted gross income. It is suggested that the use of both of these sources may provide a reasonable base of information from which projections may be made.

In addition, it is suggested that other scurces of information may be useful in checking the vaiidity of estimates; these include:

- Actual gross property tax collections by city and town.
- Participation in, and cost of, current abatement programs.
- Operating circuit-breaker programs in other states.

Computer capabilities are available to produce overall cost estimates using the data as described above.

Proposed Tasks and Timetable

Discuss Alternative Proposals	March 14 - March 21
Collect and Adjust Data	March 18 - April 14
Develop Model for Making Cost Projections	March 18 - April 14
Estimate Cost of Proposals	April 14 - May 2
Investigate Legal Questions	March 18 - April 4
Consider Relation of State Abatement Programs to Circuit-Breaker	April 24 - May 2
Investigate Probable Participation in Program	April 22 - May 9
Discuss and Analyze Administrative Considerations	April 22 - May 9

The Commonwealth of Massachusetts

IN THE YEAR ONE THOUSAND NINE HUNDRED AND SEVENTY-Seven

AN ACT to allow credits on the state income tax for senior citizens and persons of low and moderate income to the extent their property tax exceeds certain percentages of their income.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1.

Section 6 of chapter 62 of the General Laws, as most recently amended by section 5 of chapter 555 of the Acts of 1971, is hereby further amended by adding at the end of the following subsection: -

(c) A credit shall be allowed against taxes imposed by this chapter, in accordance with the definitions and subject to the restrictions and limitations set out in this subsection, for the real estate tax paid by a resident of the commonwealth on the personal residence of said resident.

(1) For the purposes of this subsection the following words shall have the following meanings: -

(i) "Household", an individual taxpayer and his or her spouse;

(ii) "Household income", the total income received by a household from all sources, except accident or life insurance payments, including any income received by an occupant of the residence who is over eighteen years

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of age, after deducting $3000 for the first dependent and $2000 for each additional dependent as the term is defined in section one hundred fifty-one (e) of the Code;

(iii) "Income", the sum of federal adjusted gross income, as defined in the Code, plus all income specifically excluded or exempt from the computations of the federal adjusted gross income, not including surplus foods, relief in kind supplied by a government agency, payments or credits under this section, or any government grant which has to be used by the taxpayer for rehabilitation of the residence;

(iv) "Residence", a dwelling or unit in a multiple unit dwelling which is subject to taxes on real estate levied pursuant to chapter fifty-nine, owned and occupied as the primary dwelling of the owner thereof or occupied as the dwelling of the renter and so much of the land upon which the dwelling is built as is reasonably necessary for the use of the building as a dwelling. If a residence is an integral part of a larger area, including but not limited to a farm, or a multi-purpose or a multi-unit building the amount of tax paid shall be calculated as the same proportion of the real estate tax paid on the whole area or building as the value of the residence is of the value of the larger area or building. A mobile home or trailer in a trailer coach park is a residence and the site rent for space is deemed rental of a residence;

(v) "Real estate tax", taxes due and payable for periods after ecember 31, 1976 levied pursuant to chapter fifty-nine on a residence within the commonwealth, not including special assessments, penalties or interest. In the case of rented residential premises, the amount of tax paid shall be calculated as twenth per cent of the gross rent contracted to be paid by the renter for occupancy of the premises during the calendar year, or that portion of the calendar year during which the renter

occupied the premises, and the full amount of any additional payments specifically designated as, or accruing on account of, increased real estate tax payments and actually paid by the occupant during the calendar year;

(vi) "Senior citizen", an individual, or either one of two individuals filing a joint tax return under this chapter, who is sixty-five years of age or older at the close of the tax year, or the unremarried surviving spouse of a person who previously qualified for a credit as a senior citizen under this subsection.

(2) A senior citizen shall be entitled to a credit against the state income tax liability for the amount by which the real estate taxes on the residence for the taxable year exceeds the percentage of the taxpayers household income for that taxable year as follows: -

Household Income	Percentage
Not over $3000	4.0%
Over $3000, not over $5000.....	4.5%
Over $5000, not over $6000.....	5.0%
Over $6000, not over $10,000.....	5.5%
Over $10,000, not over $15,000.....	6.0%

(3) A taxpayer other than a senior citizen shall be entitled to a credit against the state income tax liability for the amount by which the real estate taxes on the residence for the taxable year exceeds the percentage of the taxpayer's household income for that taxable year as follows: -

Household Income	Percentage
Not over $4000.....	5.5%
Over $4000, not over $7000.....	6.0%
Over $7000, not over $15,000.....	6.5%

(4) No credit allowed pursuant to this subsection shall exceed $500 per year.

(5) Only the renter shall claim a credit on property which is rented as a residence.

(6) No credit shall be claimed for taxes levied on more than one residence, except that taxes paid, directly or through rent, for more than one residence actually occupied during different portions of the taxable year may be added together so long as the tax paid on no more than one residence at the same time shall be allowed.

(7) No owner of rented residential property may increase rents in order to recover directly or indirectly, any credit or refund claimed or received by a tenant, lessee or occupant pursuant to this subsection, and no tenant, lessee or occupant shall be legally obligated to pay any such increase or penalized in any way for failure to do so.

(8) Only one taxpayer per household for a tax year shall be entitled to a credit pursuant to this subsection.

(9) Any individual entitled to claim any credit pursuant to this subsection and not otherwise required to file a return under this Chapter may obtain a refund in the amount of such credit for filing a return and claiming a refund.

Any refund to which an individual is entitled under the provisions of this subsection shall be made in the manner as other refunds under this chapter.

No refund or credit shall be allowed pursuant to this subsection unless such credit or refund is claimed on a return filed on or before the fifteenth day of the fourth month following the close of the taxable year, or within any extension of time granted for filing such return.

The Commissioner may adopt such regulation, prescribe such forms, and require such information, including reasonable proof of rent paid, as he finds necessary to implement the provision of this subsection.